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# FINANCIAL TIMES

No. 27,006

Monday June 28 1976

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## NEWS SUMMARY

### Business

#### New float will test stock market

● **WILLIAM LEECH** (Builders) will be publicly floated on the stock market today — only the second company to go public through a new offer for sale in the past 21 years.

New floatations have not been practicable until recently because of the depressed state of the market. Today's launch is expected to be followed soon by floatation of Hambro Life Assurance and possibly Thomas Borthwick.

Men and Matters, Page 12; Page 26; Back Page and Lex

#### U.S. PROPOSALS for dismantling industrial nations' tariff barriers may be raised informally during the seven-day economic summit at Puerto Rico.

● **IRISH RANK STRIKE** is due to start today after the failure of weekend peace moves. Back Page

#### opical spell continue

road traffic figures were a week-end as Britain's spell continued. British spade families jammed the roads to the coast. The RAC noted that more than 500,000 vehicles were on the move.

mineralogues were again in 30s, 85 degrees F being registered in Southampton which was today's hottest spot. The Sun Weather Centre said it was no sign of a break in the heatwave.

#### die in il crash

holidaymakers, many of whom were believed to be Dutch, were killed and 28 injured yesterday in a crowded A-1 motorway in the Netherlands. The crash occurred in the south of the country. Unconfirmed reports of a rail being buckled under the heatwave.

#### elsh CBI may t own exams

businessmen, anxious at the poor performance of the CBI, threatened yesterday to hold their own examinations. The CBI has also asked its members to keep records of their literacy and literacy among school leavers trying for jobs so that evidence can be presented to the Government.

#### 300 in London artheid protest

more than 4,000 people marched in a demonstration in London yesterday. The protest was against apartheid in South Africa. The march was organised by the Anti-Apartheid Movement. A white opinion pollster said the protest was a success.

#### rtugal polls

there was a big turnout — thought to be around 80 per cent — in yesterday's Portuguese Presidential election. General Eanes overwhelmingly in the first round which came from the Far East of Macao.

#### irfolk blast

explosion followed by fire obliterated a building used to manufacture chlorine at the site of a chemical plant in the town of Lynnh, Norfolk. One person is believed to have died.

#### doing well

id Palmer, news editor of the Financial Times, was last night tried neck and neck with a Francis in the Jester class of the Observer Single-handed Atlantic Race. Page 2

#### lefly...

trial of mercenaries in Angola resumes today when verdicts and sentences are expected. Page 2

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## Whitehall prepares for next stage of industrial strategy

BY ADRIAN HAMILTON

The Government is intending to make a major exercise out of the July 7 industrial strategy meeting of the National Economic Development Council with the Prime Minister as chairman.

Nearly all the reports of the industrial strategy meeting of the National Economic Development Council with the Prime Minister as chairman. The Government is also expected to make a major exercise out of the July 7 industrial strategy meeting of the National Economic Development Council with the Prime Minister as chairman.

### Concern

The additional funds would have to come out of the contingency reserve at a time of increasing public expenditure and to keep within its overall targets. Nevertheless there are signs that at least some members of the Cabinet are sympathetic to increasing State aid and to new investment and jobs.

### Conclusions

NEDO has prepared a general paper covering the main points from all sectors under the headings of labour and productivity, management capacity and investment, finance and market penetration.

### Continued on Back Page

## New Lebanon peace bid as Beirut battles worsen

BY OUR FOREIGN STAFF

LEBANON'S warring factions were reported last night to be attacking each other with unprecedented ferocity as efforts to bring them together in a round-table conference were pursued in Jeddah, Saudi Arabia.

## European Communist summit a triumph for Tito

BY LESLIE COLT

BERLIN, June 27.

THE TWO-DAY summit conference of European Communist Parties which opened here on Tuesday is a major triumph for Josip Broz Tito, the Yugoslav leader who has been the driving force behind the summit.

## GOVERNMENT FOCUSES ATTENTION ON SHIPBUILDING

### Varley seeks union support

By John Wyles, Shipping Correspondent

### Commons to vote again on Bill

BY PHILIP RAWSTORNE

AN URGENT attempt to win trade union cooperation in measures to deal with the crisis facing Britain's shipbuilding industry will begin on Thursday.

Although the Confederation of Shipbuilding and Engineering Unions has stated in advance a firm position against redundancies and shipyard closures, Mr. Eric Varley, the Industry Secretary, is planning a series of meetings to try to convince union leaders that it is virtually impossible for Britain's industry to survive the world shipbuilding crisis intact.

### Dire

The oil tanker ship coupled with the trade recession, indicates that world demand for new ships over the next five to 10 years may be cut by as much as 50 per cent.

Union leaders are expected to agree that Britain's shipbuilding capacity should not be cut because output has remained static for several years while other countries, such as Japan, Sweden, France and West Germany, have greatly expanded their capacity and should, therefore, be the first to contract.

Mr. Varley will be flanked on Thursday by members of the organising committee of British Shipbuilders, the corporation which is due to run the industry after nationalisation.

Preliminary analyses made by the committee are believed to point to a certain contraction of the industry. But more definite conclusions await completion of a detailed market study.

This week's talks were initiated by Mr. Varley in a speech last Wednesday to the CSEU annual conference in Torquay.

It was stressed yesterday that Thursday's meeting would be the first of several over the next few weeks. Union agreement is clearly crucial to the success of the Government's shipbuilding strategy which is based partially on rationalisation, phasing out the less efficient and unprofitable yards, partly on maintaining the success of rival shipbuilders such as Austin and Pickersgill on Wearside, and partly on international agreement to reduce capacity worldwide.

Mr. Dan McGarvey, president of the Builders' Association, continued last night that he would attend the talks to hear what Mr. Varley has to say.

### Normal

The Government's limited concession has not satisfied many Conservative backbenchers who are urging the shadow Cabinet to continue its non-cooperation policy.

But the signs are that Mrs. Thatcher will restore normal relations later in the week. Mr. James Prior, the Opposition spokesman on Employment, praised the Tory Leader's tough tactics over recent weeks, said at the week-end that she had forced the Government to climb down but had shown also that she knew "when to negotiate and how far to go."

Even if the deadlock is broken, the Government still has to face further vigorous opposition to its proposals in the Commons and later from the Conservative majority in the Lords.

Mr. Michael Heseltine, the Tory spokesman on industry, praised the Tory Leader's tough tactics over recent weeks, said at the week-end that she had forced the Government to climb down but had shown also that she knew "when to negotiate and how far to go."

The conclusion of the organising committee for the nationalised industries on closures and redundancies should be published, said Mr. Heseltine. "Let the Government tell the truth about this and then see how much support there is for nationalisation."

Against the determined political campaign which Conservative leaders in the Lords have already indicated will be pursued, the Government has little chance of getting the legislation through before July autumn.

Parliament will almost certainly have to be recalled for a lengthy "spill-over" session in September and October. And despite Mr. Michael Foot's commitment to the completion of the Government's entire programme, Ministers may yet be forced to abandon one of the other major bills still clogging the Parliamentary pipeline.

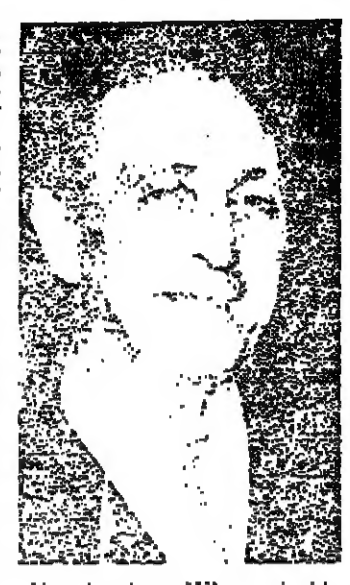
After the protracted debates last week on the development land tax, Ministers this week will be engaged in another two-day Commons fight over the measures for compulsory comprehensive education.

The Government also faces a potentially embarrassing cross-examination in the Commons today over the leakage of Cabinet papers in the decision to shelve the child benefit scheme.

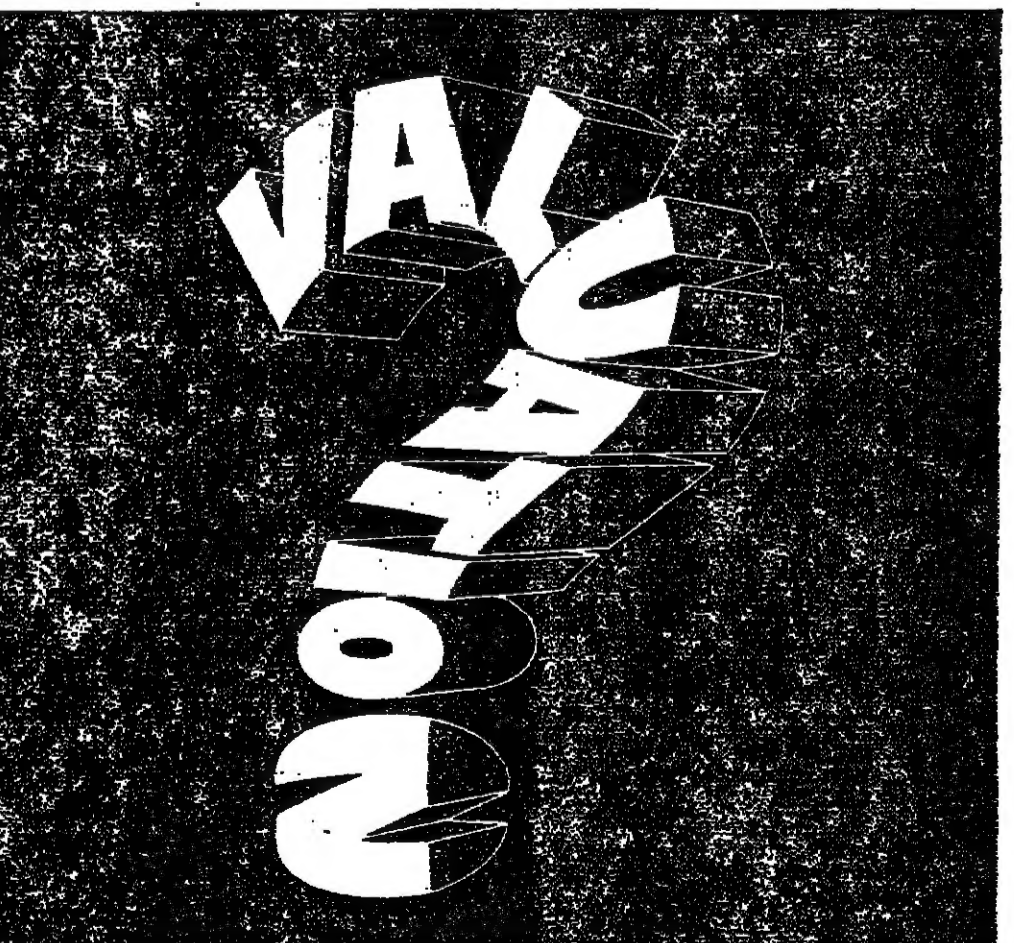
Sir Douglas Allen, who is investigating the leakage, sent an interim report on the course of his inquiry to Mr. James Callaghan at the week-end, shortly before the Prime Minister left for the economic summit in Puerto Rico.

Sir Douglas has apparently so far failed to trace the source of the leakage — and the Government will be pressed by the Conservative to hand over the investigation to the police and possibly to a tribunal.

Today's debate will also provide Labour backbenchers with an opportunity to express their dissatisfaction with the Government's decision to defer the scheme.



The Government has little chance of getting the legislation through before July autumn.



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# Festival in Guanajuato, Mexico

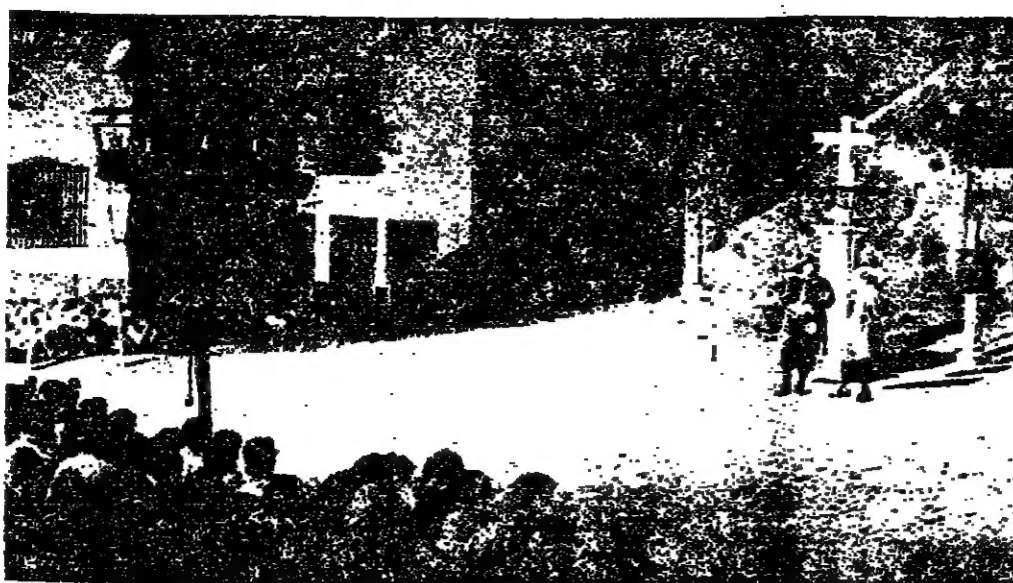
by MICHAEL COVENEY

The fourth Festival Intercontinental de Guanajuato, Mexico, during the first two weeks of May, was something of a contrast to the popular celebration of the Plaza de San Roque for the Cervantes. The Cervantes were written for open air performance under improvised conditions, dealing in the humanity of such social Spanish stereotypes as loveless soldiers, gossipy old men, coquettish girls and charlatan miracle-workers. The three texts used are bound together by a didactic, moralising commentary that also introduces the figure of Cervantes to visit the market square and estimate the passion of the people who live there by exercising his poetic genius upon them.

The sense of excitement and participation at this event was unequalled at any of the other more prestigious offerings, and picked up the spirit established at the opening ceremony, where Dolores del Rio, the Governor of the State of Guanajuato and other dignitaries were on hand for the unveiling of two metal statues of Don Quixote and Sancho Panza. We had speeches, handshakes, fireworks and the Guanajuato Symphony Orchestra performing the overture to *The Marriage of Figaro*.

The British representatives were the Actors Company, stopping off on their two month tour of Latin America with well-received, sturdy productions of Shaw's *Widowers Houses* and *Shaw's How The Other Half Lives*. Shaw's dur cynicism on the inevitability of capitalism surviving ideologically as such opposition was as much appreciated as the brilliant performance of *Widowers Houses*, and the company sensibly adopted a stern, broad style of playing in punching their lines across.

It would be easy, from a distance, to be scornful of the eclecticism of the festival programme. But the fact is that while the Mexicans are instinctively, enthusiastically and sensitive connoisseurs of Art, their culture in recent years is sadly barren. One only has to compare half a century of Mexican National Ballet or the National Opera



Entremeses de Cervantes in the Plaza de San Roque

making humdrum revival to a corny, 35-year-old piece (*Tan Varo*, libretto by Manuel Alfo, music by Miguel Bernal Juncos) to understand why things as modestly efficient as the Actors Company programme is so rapturously welcomed.

Other leading Mexican ballet companies, the Ballet Independiente, founded in 1968, is choreographed by a Frenchman, Michel Descombes, and has achieved a standard in lighting, presentation and witty use of classical steps that is more familiar to the expectation of European sophisticates. Their *Les Ombres* documented the conquest of Nature by the force of materialism with satirical glee, and the finale, with the dancers' removal of their body stockings en route to an innocent moment of man's ability to control his environment was beautifully done.

More audacious, cunning and erotic, featured in *Memoriam*, a triumphal presentation by the University of Mexico under the direction of Hector Mendez, is a show based on the life and work of an indigenous folk poet, Miguel Acuna. In *Memoriam* given at the other main venue of the festival, the Teatro Principal, a plain but comfortable theatre also recently renovated by the Festival authorities, Acuna's poetry of love matters is a skillfully exploited by a young, good-looking company, to produce a sort of Latin American *Les Ombres* of the East, full of zest and physical high spirits.

Eastern European professional expertise was evidenced by the Theatre Stu from Cracow in a compilation of nationalist tales by everyone from Mickiewicz and Wyspianski through Gombrowicz and Strzemecki. Well-played rock music, exciting lighting and romantic extravaganzas such as *Wajda* and the late, honrad Swinarski created an event that really caught the imagination of an audience hitherto immune to such theatrical display.

The ferocity of the acclaim heaped on the company was yet another graphic illustration of how a Mexican audience can react.

There was general disappointment at the contributions of Italy—Il Palacchino from Rome

Dresden opera

# Weber-Tage

by JOHN WARRACK

Weber wanted to die in Dresden. Couching his life away in the fog of the coldest London spring anyone could remember in 1826, he turned his thoughts more and more on a last effort to get home to his family, to the sun of Hosterwitz and his country house a little way up the Elbe. He died in the night a few hours before attempting the journey.

So it was poignant to sit in his garden lately, in the June sun he longed for, and listen to some of his songs, choruses and canons, and — an imaginative touch — *Cries of London*. Hosterwitz is carefully tended. The garden has been replanted, the trees of contemporary prints have vanished, the house has lost its picturesque half-timbering, but a well-arranged museum contains of his traits, souvenirs, manuscripts, facsimiles, much else to conserve a memory that is still green in Dresden.

The city devoted four days to commemorating the 150th anniversary of his death. On the morning of the actual anniversary, June 5, there were brief speeches at his grave, two of his choruses were sung by members of the opera, and wreaths were laid (I took it upon myself to lay one for English lovers of his music). Thanks to the efforts of Wagner, he now lies not in Morfildt, Chapel but in Dresden's Grosse cemetery, a little way out of the centre of the city; and it was Wagner's funeral music on *Euryanthe* themes which we then heard at the memorial service by the side of the Zwinger. In 1844, a drawing shows people were trampled under the throng of mourners at the marching band borne the coffin along; in June 1976 a more formal gathering heard Wagner's beautifully turned tribute to the master he acknowledged above all others.

Of chromatic harmony that, in their boldness, stuck rather too far out of the idiom; above all, there is evidence of that astonishing ear for instruments already alerted to novel effects, as with the dramatic glitter of piccolo flashing in semiquavers above the lecture.

Coupled with Peter Schmitt was a witty, imaginative production of *Abu Hassan*. Only the difficulty of finding a suitable partner for this engaging comic comedy, and enticing the public to a double-bill, can have kept it off the stage. It has humour, warmth, pace, timing, tunefulness, with a lyrical yet light-heartedness of touch that make Weber's failure to complete another comic opera a real loss to the theatre.

The story is, in fact, an anecdote about an improvident poet outwitting at one cheeky stroke his debtors, a lascivious money-lender and the Caliph.

Of the standard of singing was unexceptional, the event as a whole was highly entertaining. Mounted hunters, covered past the orchestra at full gallop, Agathe's house to one side and the inn to the other framed the main arena; while half way up the rock face a precipitous bridge overhung the ledge where Kaspar, attended by tremendous detonations, swirling smoke, crashing trees, a sudden waterfall and shrieks of diabolical laughter, was being round the forest. It was all very simple, but not simple-minded since the producer, Joachim Zschech, had found a way of letting literal fidelity to Weber's original make dramatic sense.

The Entertainment Guide is on Page 7

It has nice roles for a light tenor and soprano and a buffo bass; and it was cleverly produced using a narrator to give a frame to the action while the characters 'float' in a stage picture. Thus, the light quality of the piece was underlined, and by means of the device of the stage tableau which Weber himself took over from an old Dresden fashion for his own productions. Two productions of *Der Freischütz* within 24 hours showed how variously the old piece retains its claim on German affections. At the Staatsoper, Erhard Fischer's somewhat stark setting emphasized popular life in action and the adaptability of the work to modern methods while sacrificing some of the charm and the terror of the legend, though the musical power of the Wolf's Glen filled the arena. In a more playfully, especially in the playing under Siegfried Kurz, Ralf Trautwein's superb Kaspar indicated a character whose intelligence and corrupt determination were more than a match for Reiner Goldberg's simple Max, and Agathe and Aennchen were nicely presented as a pair of lively cousins rather than the all too familiar contrast of matron and flighty soubrette.

Unfortunately I had to leave half-way through, being peripherally involved in a chamber concert at the Zwinger; but it was fascinating to resume contact with *Der Freischütz* next morning in the shape of an operatic performance. Some 20 kilometres up the Elbe lies Rathen in what the Whitsun holiday crowds call the Saxon Switzerland. It is the country of Caspar David Friedrich, some of whose masterpieces, there are some rhythmic surprises, some touches

## Blithe Spirit

by B. A. YOUNG

*Blithe Spirit* is one of the plays of Noel Coward's golden age (*Hay Fever* to *Present Laughter*), after which, for my taste, he wrote almost nothing for the stage worth attention. In spite of the genius novelties of the plot, it is rather less well than the other pieces of that period; the laughter to be exacted from two ghostly characters who are visible and audible some people but not to others in this once the trick has been seen, and apart from some Arcadian medium, the re characters are not intrinsically very interesting.

A fairly funny play, though, it gets going (and my goodness, doesn't it take a time to go along, almost as long as *The Boy of the World*). If you for that Charles Condomine's wives both appear as ghosts, a play reveals itself as a conventional triangle in which the husband Elvira turns up to rag her husband about his second wife. Ruth and has the tables turned on her when she enacts a beautiful coup to win him.

But the impression that is putting it Harold Pinter has liberally gone for a non-verbal effect, Coward's dialogue writhes with overtones, but the generation on the Lyttelton stage sounds like plain drawing-room chat. Now and then the fustian sound: "Anything in the Times?" "Don't tell me, Charles" got a round applause like Maggie Smith's *Portrait*. This backdoor's disarming" all those years ago.

To some extent the lack of contact between players and audience which I sensed may have been due to the fact that the production is intended for

## Philip Fowke

by DOMINIC GILL

Philip Fowke is a young pianist (b.1950) with strong hands and a strong, positive, but not yet completely focused, musical personality. He began his recital on Thursday evening with Beethoven's *Les Adieux* sonata op.81a—taking the introduction at a fast tempo, breathing, in full of subtle lights and colours, shading the opening pages with plenty of pointed voice-leading and exceptionally clear and sensitive pedalling.

It was an impressive beginning of a directness, simplicity and clarity which I never quite managed to sustain, or repeat again. His habit of pausing just before an emphatic note or chord—used to good effect at first in the first movement on certain key sforzando—was over-used elsewhere, turned quickly to mannerism. His reading of the slow movement was pretty, very free and lyrical; but failed to convince us that the pathos of Beethoven's marvellous andante is actually deepened by such liberal treatment of notes.

In Schubert's *Wanderer Fantasy*, there was the same tendency to spoil a strong, firm gesture with exaggerated mannerism—notably an stirring

## Wigmore Hall

### Covent Garden

## Royal Ballet School

by CLEMENT CRISP

This year the Royal Ballet School's traditional matinee is no more, nor yet the supplementary performances at Richmond and Holland Park, our the White Lodge regiment of young sparks in country dances, which I miss very much. Inflation and the fairly gold in our pockets are probably to blame, but the compensation was Thursday evening's programme at the Opera House. *Coppelia* was the chosen display piece, ideal for getting most of the senior students on stage as Galvani peasants and dolls and participants in the fast act divertimento. And all very neat and well drilled and pleasing to see.

For the three principals matters are rather more serious. The very real desire of sustaining characterisation through three acts, of accepting responsibility for a big ballet, are no light burden for young shoulders, and Susan Lucas, Stephen Sheriff and David Bintley deserve our praise for acquitting themselves with such assurance. Miss Lucas, delicately boned and pretty, is a sweet, tender Swanilda. Hers is an interpretation more of promise than of fully realised abilities, but the physical material—nice legs and feet, a light easy style—are good auguries for the future. She was, I would hazard, somewhat over-weighed by the occasion, but at her best, in the ear of corn test and when fooling old Coppellus, she played and danced most engagingly.

Stephen Sheriff provides a natural, buoyant charm for Franz—that shadowy role—and fills the character with a good deal of youthful humour. His solos went well; a quick thrust to the movement and easy phrasing gave the variations a clean physical shape. And with David Bintley's *Coppellus* unadorned, adoration for a presentation that is exceptionally well-rounded. He plays the part for doddering humour (shades of *Sleptoe père*), but manages too the moments when the old visionary's dream of creating life take possession of him. It is rare to find a student dancer so well able to sustain a reading: I have seen professionals less compelling, and less convincing.

Among the many eager young artists, let me note one other performance: that of Deirdre Eyden as Aurora in which there was an appealing lightness and fluency. The solo can often look fully realised abilities, but the something attractively her own.

**New chairman of the Victorian Society**  
Sir Nikolaus Pevsner, who has been chairman of the Victorian Society since 1963, has announced his resignation. He will be succeeded by Professor H. J. E. G. Professor of Urban History at Leicester University, who is a member of the editorial committee of *The London Journal* and the editor of *The Victorian*.

**'Sparrowfall' for Hampstead**  
Mark Wing-Davey, seen recently as the film director in the television series *The Glastonbury Prize*, and Michael Kitchen will open in *Sparrowfall*, a thriller by Alan Drury, at the Hampstead Theatre, on Monday, July 5, for a four-week season. Reviews begin on Thursday, July 1.

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Ordre du jour  
1. Ratification de la désignation des premiers administrateurs de la Société Civile des Propriétaires d'Obligations 9% 1976-1982 de US \$1,000 de la Compagnie Française des Pétroles, conformément à l'article 7 des statuts de la Société Civile.  
2. Les porteurs d'obligations, pour pouvoir assister ou se faire représenter à l'Assemblée, devront déposer leurs titres cinq jours au moins avant la date fixée pour la réunion dans les caisses des Banques ou Etablissements de crédit ayant participé au placement de ces obligations et chez lesquels des pouvoirs sont tenus à la disposition des propriétaires d'obligations qui en feront la demande.  
COMPAGNIE FRANÇAISE DES PÉTROLES

**John Tooley's Covent Garden appointment extended**  
The Board of directors of the Royal Opera House, Covent Garden, announces that they have agreed with Mr. John Tooley that his term of appointment as general administrator of the Royal Opera House should be extended to August 31, 1982. The agreement provides for discussion towards the end of the period of the possibility of further extension of the appointment by mutual agreement.

**2,000 schoolchildren in music festival**  
Sixty-three school music groups will be taking part in the Sixth National Festival of Music for Youth at the Fairfield Halls, Croydon, from July 18 to 19.  
The three day festival, involving over 2,000 young musicians, promises to be an exciting event with sections for chamber and recorded ensembles, orchestral bands, as well as instrumental ensembles.

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## HOME NEWS

## Changes to State Board urged

Financial Times Reporter

A MAJOR revision of the guidelines governing the operation of the National Enterprise Board is called for today by the Association of British Chambers of Commerce.

The association says that if the Board is to fulfil the ambitions of its original promoters and make a real contribution to the regeneration of British industry, changes are urgently needed.

Mr. Eric Varley, Secretary for Industry, has been told of the association's reservations in a document which criticises several aspects of the draft guidelines published by the Minister's own department.

The criticisms come only a few days after the powerful, all-party House of Commons Public Accounts Committee demanded the right to scrutinise all public money granted to industry by the Board.

One of the least expected recommendations of the association is that the Board should be required to nominate its own directors to companies in which it makes a substantial investment. There is no such provision in the current draft of the guidelines.

## Sidelines

It would be wrong, some companies are in receipt of public funds because of possibly unrealistic political ambitions for the future, for the Government then to sit on the sidelines "without providing constructive, on-the-spot advice" to the Board on how those public funds should be used to achieve the political objectives behind them.

The association says that it is equally concerned at the absence of any criteria for the Board to dispose of its holdings when its objectives in terms of restructuring have been achieved.

Without them, "the Board will be revealed as an instrument with which to achieve the permanent nationalisation of the means of production, distribution and exchange without the safeguard of an individual Act of Parliament for each industry concerned."

## Drop in consumer confidence worst for five years

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

PEOPLE were feeling worse off at the beginning of this month than at any point since June, 1971, according to the British Market Research Bureau's latest survey of financial expectations.

Consumers' confidence in their future prospects also took a sharp plunge, reversing the more optimistic picture seen last month. The proportion of people thinking it was a good time to buy consumer durables also fell from the very high level recorded in May.

When asked: "Is your family worse or better off compared to year ago?" 28 per cent. more respondents among all adults said that they were worse off than those who said that their incomes had kept up with inflation.

Last month, those who felt that their incomes had not kept pace with prices outweighed those who felt better off compared to a year ago by 26 per cent. The June figure continues the downward trend which began last autumn.

## Professionals

The decline was even more marked among professionals and salaried men, with a negative balance of -29 per cent. feeling worse off compared to a year ago in June against -20 per cent. in May.

On a six-month moving average basis, the index for past prosperity for all adults now stands at -22 per cent.—its lowest figure since the survey was started in 1970.

The monthly figure of -28 per cent. recorded for all adults in June is the second worst monthly figure ever, and was only a slight improvement on June, 1971—the worst single month covered by the survey.

The drop in consumers' confidence about the future means that once again the pessimists are outweighing the optimists. Last month, consumer confidence rose to its highest level for four years, with the optimists out-

weighing the pessimists among all adults by 7 per cent., and by 8 per cent. among ABC1 men.

This more optimistic outlook seemed based largely on the Budget measures and on the imminence of a pay deal with the unions. This month, fears about rising prices made people more apprehensive about the future.

As a result, this month's figure has fallen back to the April level, with those expecting things to get worse outnumbering those who thought the situation would improve by 11 per cent. among all adults.

Professional men took an even gloomier view about the future, however, as still improving, reflecting the fact that though confidence fell this month, it is still higher than the very low level recorded last December.

The proportion of respondents thinking that it was a good time to make major purchases for the house also fell in this month from the high level after the Budget in May.

Among all adults, 24 per cent. more thought it was a good time to buy consumer durables than those who did not compared to 32 per cent. in May.

The proportion of ABC1 men in favour of buying things for the house also fell this month, but the six-month moving average figure for both groups is still improving.

The six-month index for all adults now stands at +24.7 per cent. and the index for ABC1 men has reached +43.8 per cent.

The survey was based on a nationally representative sample of 1,078 adults interviewed between May 27 and June 9. It was produced for the Financial Times by BMRB.

Items posted through the new service in London from Monday to Wednesday will generally be delivered in the main Australian cities and towns in 48 hours and from other areas of the U.K. a day later. Thursday and Friday postings will be delivered in Australia on Monday.

A POSTER designed by 11-year-old Edinburgh schoolboy, All-star Cunlison, is to be used in the Health Education Council stop smoking campaign, starting next month. It won a Council prize in the BBC Nationwide anti-smoking poster competition and will appear this summer on hundreds of British Rail station poster sites.

The index is based on the prices paid by 11 shoppers around the country. The shopping was done in supermarkets and independent grocers.

Disagreement on this point of principle is only one of four basic objections which the association has to the White Paper.

It "greatly regrets" that the Government has rejected the Occupational Pensions Board's advice that on the question of participation and providing information, it would be best to rely, at least initially, on a code of good practice.

"Many pension schemes already have member participation and in these schemes systems have been developed to fit in with the particular structure of the scheme and company concerned."

"This variety of practice is highly desirable and legislation would destroy the flexibility that is essential to such arrangements to operate successfully in practice."

On the short-term administrative burden imposed, the association claims that fund managers and their advisers are already fully engaged in dealing with the contracting-out option and other features of the Social Security Pensions Act of 1975.

At the same time companies would have been allowed to assume a constant level of turnover for the purpose of allocating certain fixed costs per unit of sales.

The Department of Prices has had strong reservations throughout the discussions over the possibility of introducing even an element of input costing to the code and it seems more likely that the main plank of the eventual amendment will be the idea of ensuring a constant level of turnover for calculating costs per unit of sales.

Other technical changes may be made to the code to deal with situations where a company's profit performance is altered as a result of either a takeover or a change in profit mix.

At present, the Price Commission's discretion in this area is very limited and industry has urged the Department to make it clear in the code that the commission has an obligation to take such changes into account.

It is also likely that the way in which companies are categorised under the code will be changed so as to remove the obligation on smaller companies to justify price rises to the commission.

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On power-sharing puts



## OVERSEAS NEWS

OAU hits  
at South  
Africa

AB and African foreign ministers yesterday called for a resolution containing a language, to a drafting committee, UPI reports from Port Louis.

The resolution, put forward by the OAU, will form the basis of a final draft which will be presented to the continent's heads of state when they meet here on July 2.

Conference sources said the resolution was expected to be unanimously approved.

The 47 member states of the OAU, which includes all the African nations, are expected to endorse the resolution, which is expected to be unanimously approved.

Argentine debt  
renegotiated

Argentine economy minister, Juan José Álvarez, said that the country's \$200 million debt, AP-DJ reports from Buenos Aires.

"We have achieved the renegotiation of international finance," the minister, José Álvarez de Hoz, said at a news conference. "We have re-established the credibility of Argentina."

He said during conversations in Washington with the International Monetary Fund, he had reached an agreement with the fund to renege on at least 50 per cent of the debt which will fall due in the next six months.

Argentine officials say that they have successfully renegotiated \$500m of the debt two months ago, or about 25 per cent of the total.

The debt was renegotiated by the Argentine government in March. Mr. Álvarez said that international financial circles have regained confidence in Argentina since the coup. He said the apparent recovery of the economy since the coup also resulted in triggered trust in Argentina among US and Canadian investors.

## Rhodesian opinion hardens

WHILE there has been no official reaction here yet to the possibility that the Kissinger-Vorster talks will result in new pressure on Mr. Ian Smith to talk with the African nationalists, there are clear signs of a hardening of opinion.

Most of the Government MPs spoke in Parliament last week in support of the shift to the right with demands for the banning of the African National Council, the arrest on charges of treason of Mr. Joshua Nkomo (leader of the domestic wing of the ANC) and Mr. Allan Savory, vice-president of the moderate opposition Rhodesia Party, and a new vigorous prosecution of the war both domestically and externally.

One senator even wanted any who advocates majority rule to be treated as a traitor while there were many calls for changes in Rhodesia's existing constitution on treason.

The speaker of the House of Assembly ruled that the term "traitor" was out of order in Parliament and must not therefore be used.

African nationalist politicians are concerned that Mr. Nkomo's resignation, by his Right Wing, may accede to some of these demands, but they warned the weekend that any such move would play into the hands of the so-called "third force" of guerrillas operating from Mozambique and increasing under the influence of President Machel.

The nationalists here are pinning their hopes on the Kissinger-Vorster talks last week. They believe that the West as a whole, and South Africa and Zambia, and Botswana, in particular, are increasingly alarmed at the prospect of the Rhodesian nationalist leadership passing into the hands of the "third force", susceptible to the Marxist-oriented President Machel.

There is speculation that some of the more moderate African leaders will try at the organisation of African Unity meeting in Mauritius in the next two weeks to reunite the Muzorewa and Nkomo wings of the ANC. Bishop Muzorewa is scheduled to go to Mauritius and Mr. Nkomo's supporters here believe that he will do likewise. Such an effort to unite the feuding political leadership would be seen as an effort to outflank the "third force" which is running the war against the Whites.

The nationalists here believe it is essential that the regime should make the longer the stalemate, they say, the greater the likelihood that the "third force" will take over the political leadership of the disunited nationalist movement. White politicians are far from convinced by this argument, saying that the high casualty

Bullock team  
to see Schmidt

BONN, June 27.

THE Bullock Committee studying the question of industrial democracy in Britain is to take part in this week's meeting between Herr Helmut Schmidt, the West German Chancellor, Mr. James Callaghan, the British Prime Minister, and the foreign ministers of the two countries.

The committee, which is currently examining West Germany's well-developed system of industrial democracy, will join the heads of government in Bonn on Wednesday evening after they have finished their own discussions.

In its election campaign for the general election in October, the Social Democrats, has adopted the slogan "Further work on a model Germany". In discussing the German model, Herr Schmidt has often stressed the importance of worker co-determination and of responsible management to Germany's success. On Wednesday the Chancellor who has conveyed his disapproval of British industrial relations in the past will himself be able to present this aspect of model Germany to Lord Bullock's team.

## Whale quota

THE International Whaling Commission (IWC) has agreed to reduce the number of minke whales that can be killed in the coming year and proposed particularly large cuts in the quotas for sperm whales.

Reagan closes the  
gap in delegates

BY DAVID SELL

WASHINGTON, June 27.

AFTER a week-end marked by increasing bitterness between the two Republican Presidential contenders, Mr. Ronald Reagan is now closer than ever to President Ford in the crucial race for delegates to the party's August convention.

Estimates of the President's dwindling lead vary, but he is now only between 30 and 50 delegates ahead of Mr. Reagan and still almost 100 short of the 1,130 needed to win the nomination.

One poll, conducted by the New York Times and CBS, puts Mr. Ford only 29 delegates ahead of Mr. Reagan this morning.

In Minnesota yesterday the Ford forces pushed through a last-minute rule change which gave Mr. Ford 17 out of the 18 delegates, but the change was profoundly antagonised in the Reagan camp. The Reagan people took their revenge later in Idaho, New Mexico and Montana where, brushing aside Ford protests, they took all 45 delegates. "The Ford people would not listen to us on Minnesota and from now on they are getting nothing from us," an angry Reagan campaign manager said. "There will now be a pause until July 10 when 34 more delegates are at stake in Colorado

and North Dakota, both states where Mr. Reagan can be expected to do well. A week later Utah's 20 delegates may well also go to the former California governor, but the 35 in Connecticut on that day will probably go to Mr. Ford giving neither challenger a conclusive lead going into the convention, unless the uncommitted delegates come out for one or other contender between now and then.

Meanwhile, the liberal wing of the party gave a clear and important warning during yesterday's Republican National Committee meeting that it will not tolerate a Ford-Reagan ticket which is beginning to be much in vogue among some Republicans, anxious to re-unify the party after the damaging past few months. One of the leaders of the New York delegation, which was persuaded by Vice-President Rockefeller earlier this year to opt for Mr. Ford, said that if a Ford-Reagan ticket was a serious possibility his delegation might abstain in the first ballot. This is a threat that Mr. Ford cannot afford to ignore since much of his delegate strength comes from the South East, more liberal wing of the party which may well share this view.

## Eanes move on Timor

BY HAMISH McDONALD

JAKART, June 27.

INTENSE speculation has begun here that Portugal may move to quietly recognise the Indonesian takeover of East Timor if General Antonio Ramalho Eanes becomes President in today's elections.

This allows the revelation that a close confidant of General Eanes visited East Timor last Monday. The envoy, Air Force General Morais da Silva, talked with Indonesian officials on his way through.

He is reported to have announced in Lisbon on Friday

that he had visited 23 Portuguese soldiers held by the pro-Indonesian East Timor provisional government and that an offer from the provisional government had been accepted.

This would lead to "calm negotiations," said do Silva, who was quoted as saying. Speculation here is that Portugal may quietly acknowledge the Indonesian annexation by reopening diplomatic relations—covered last December—once Indonesia formally incorporates the territory.

## Gierek gets 'mass support'

By Christopher Sobinski

WARSAW, June 27.

MASS meetings were held today in Poland in support of the Communist authorities which on Friday withdrew proposed food price rises in the face of widespread strikes, sabotage and demonstrations.

The Polish Press Agency, PAP, today announced mass meetings in Olsztyn, Loma, Zielona, Gora Przonski and Suwalki, up to 35,000-strong, had been held to express support for the policy of the Party and Government.

While they are provincial centres, most of them are major industrial towns. The new media are also broadcasting letters and telegrams for the support for the Polish Party First Secretary, Mr. Edward Gierek and the Premier Mr. Piotr Jaroszewicz and also resolutions passed at shop floor meetings yesterday, which stressed the fact that the leadership which went to the people with its proposals, gave evidence of directing the party and the nation, of consulting decisions important for all Poles.

The TV news broadcast last night, however, showed only one meeting in Lodz, evidently thinking that the resolutions at these meetings all condemn "hooligan elements" who attempted to disrupt the dialogue between the authorities and the nation.

The incidents officially mentioned are at Ursus tractor factory and in Radom, the provincial centre some 160 kilometres south east of Warsaw. In Radom it is reliably reported that several thousands of people demonstrated in the streets on Friday, damaging the Party's headquarters and shops on the way. While arrests were made the reaction of the authorities was muted.

Thus the pattern of Party news which is now expected to act as if nothing went wrong and treat the several month delay in introducing new prices, which the Premier called an "absolute necessity," as an exception. At the moment the only people who are being blamed are the demonstrators and this would suggest that no immediate changes in the Government are to be expected.

Reuter adds: A major problem facing the government is that Poland's 5m farmers were due to get more money for their grain, meat and seeds under the scrapped package deal. Farmers have already been holding back sales of grain and other products to State purchases in a number of areas because of rising prices are 30 per cent, or more higher.

## Batch is a bitch.

Batch may be an adequate way to process your data if you're doing conventional jobs like payroll or cost accounting.

But when you get into operational jobs like product distribution and manufacturing control, it's going to present some problems. Because batch processing produces reports periodically. So it tells you the way things used to be, not the way they are right now. Instead of giving the specific information you need, it gives you reams of printout that you have to wade through. And you can't get updated information until the next time your job is scheduled to run.

George Wimpey and Company Limited, Europe's largest contractor, wanted to access information held on their central ICL 190-4S from their widespread regional offices.

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This considerably reduces the load on the batch computer. And their site managers now have the benefit of local processing capability, plus the ability to communicate with the central computer.

An automotive parts distributor brought in a Data General computer so it could get up-to-the-minute inventory control and promptly cut its inventory carrying costs by 40%.

A large American bank put a Data General computer in their trust department to give their portfolio officers access to vital investment information in their large IBM computer. And our computer does the job for much less than the communications costs incurred when the large computer did it alone.

A member of the New York Stock Exchange installed one of our computers to instantly analyze and compare the quality of thousands of bonds. And during the first week of operation our computer helped make a sale that completely paid for the computer.

(Not all our installations pay off like that, but it's nice to know it can happen.)

Over 20,000 Data General computers are being used to directly support operations. Sixteen examples can be found in our brochure, "The Sensible Way to Use Computers."

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And stop all that batching.

Poland seeks \$200m.  
U.S. food credit

WASHINGTON, June 27.

POLAND is seeking \$200m. in U.S. Government credits to help finance its purchases of U.S. grains and other agricultural commodities in the year starting October 1. The U.S. Agriculture Department reported.

Poland has been a major recipient of Community Credit Corporation (CCC) credits to pay for its purchases of U.S. farm commodities in recent months. The CCC is an Agriculture Department financing agency.

Agnelli calls for  
joint plan with  
Communists

MILAN, June 27.

FIAT chairman, Giovanni Agnelli has called for an agreement with the Communist Party on an emergency plan to solve Italy's economic crisis.

In an interview published today by the Milan newspaper Corriere della Sera, Sig. Agnelli said the emergency plan, "including inevitably, policies of sacrifice and austerity," should be drawn up before Italy sought foreign aid. "Then it should be discussed with the opposition, that is also with the Communist Party," he said. "This is what we think needs to be done and save the Italian economy—what do you think? And what are your conditions for supporting it?"

During the election campaign the Christian Democrats ruled out collaboration with the Communists in Government, but Sig. Agnelli said the national emergency required all parties to be realistic and to "drop certain prejudices." The Communists, for example, should drop their claim to be brought into government, he said.

Algerians vote  
on charter

By Eileen Furness

ALGIERS, June 27.

ALMOST 6m. Algerians were called on to vote in a referendum for a new national charter today. Up to 95 per cent participation was reported from some country districts where voting took place on Saturday, but were considerably lower in the big cities with some Algiers districts reporting only 10 per cent, at noon on Sunday.

Yes bulletins are green, the sacred Moslem colour and No are yellowish buff. Very few Noes are expected. There are a great many new voters in this referendum as the voting age in Algeria is now 18. Fewer women than men are participating and very few young girls.

Islam and socialism are the two pillars of the Charter and Algerian socialism is specific rather than classic. No mention is made of dictatorship of the proletariat and Islam is still the state religion. The Charter reaffirms Algerian attachment to the Third World and non-aligned countries and its support for national liberation movements.

Neto says Angola  
under foreign attack

BY JANE BERGEROL

LUANDA, June 27.

PRESIDENT Agostinho Neto today warned of continuing "external attempts" against Angola's territorial integrity.

The Angolan President said "in the north, in the south and also in the east, there are enemy troops encircling and helping to infiltrate enemies into our country." Angola's borders with Zaire, Zambia and Namibia are reportedly still threatened by residual FNLA and UNITA forces which, the President suggested, are continuing to benefit from support from the Zaire and Zambian authorities and, in the south, from South Africa.

President Neto also suggested the United States was at least partly responsible. Stating that military forces were gathering in neighbouring countries and dispatching armed men into Angola, President Neto said "perhaps this fact helps us understand the situation in Washington—an apparent reference both to Dr. Kissinger's demands for a complete Cuban troop withdrawal from Angola, and to the U.S. refusal to recognise the President Neto's Government until such time as this withdrawal has been effected.

The Angolan President also strongly criticised the American veto last week in the Security Council, against Angola's membership of the UN. In response to the American statement that the veto came because of the Cuban military presence in Angola, President Neto said "nobody has the right to tell us who can enter or leave our country as the U.S. is leaving us. We Angolans are not going to cut off relations with Cuba because of America's desires. On

the contrary we are going to strengthen our friendly relations with Cuba."

The Angolan president promised details shortly of enemy action in neighbouring countries. A particularly tense situation appears to be building up along the northern and eastern borders with Zaire. Reports reaching Luanda indicate FNLA troops are still being allowed to retain camps in Zaire, and that there have been more attacks on the Cabinda enclave. During the hearings of the trial of 13 British and American mercenaries captured with FNLA in northern Angola, the "people's prosecutor"—who is also head of the party's foreign relations department—singled out the Zaire government's responsibility in the mercenary operation and stated President Mobutu Sese Seko was one of the major culprits "absent from the dock."

In principle, following February's Brazzaville summit accord, a new meeting of the Zaire-Angola mixed commission on normalising relations is due to take place shortly. Whether Angola will continue to try to solve the continuing problems with Zaire through such regular diplomatic channels remains to be seen.

Meanwhile, the mercenary trial resumes to-morrow afternoon when the court reconvenes to pass the verdict against the 13 mercenaries in the dock.

Although the "people's prosecutor" has demanded the death sentence against all 13, it is thought likely that differentiated sentences will be passed against the men to reflect their varying individual crimes. Only two, Colonel Callan and Gordon McKenzie face murder charges.



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Offices also in Birmingham, Manchester and Glasgow.





# Building and Civil Engineering

## £5m. housing work for Tarmac

FOUR contracts totalling nearly £5m. have been won by Tarmac Construction. Awarded by three metropolitan boroughs in the West Midlands they involve local authority housing and modernisation. The biggest is a scheme worth nearly £1.5m. for modernising 278 homes at Low Hill Wolverhampton—the fourth of its kind to be secured by Tarmac in that area. Work is expected to be completed by next spring.

Wolverhampton Metropolitan Borough has also placed with Tarmac another major modernisation scheme at the Lunt worth more than £1.15m. This covers 216 council dwellings.

Both Low Hill and the Lunt involve extensive modernisation including installing new bathrooms and kitchens, partial central heating with night storage radiators, wiring and plumbing.

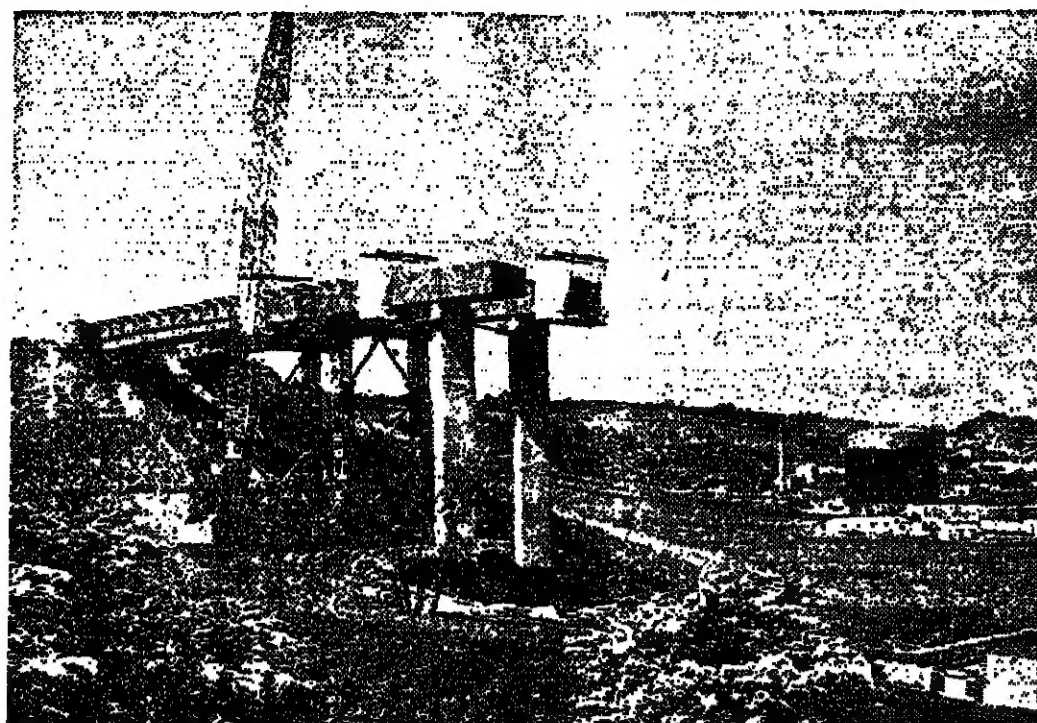
In addition, the two locations will be given an environmental facelift, with landscaping and re-urfing of front gardens and green spaces, new fencing and walling and tree-planting.

At Sedgley Tarmac is starting a 20-month £1.1m. contract to build 132 council dwellings for Dudley Metropolitan Borough.

## £5m. homes in Camden

THE LONDON Borough of Camden has awarded a contract worth over £5m. to Holland, Hannen & Cubitts Construction (London) for the initial stage of its two-phase Malden Lane development.

This first phase includes 225 houses, maisonettes and flats, four shops, a community centre, a district heating scheme, and underground parking. For the flat and maisonette blocks, Cubitts will use mainly in situ reinforced concrete construction with white self-finish render externally, while the houses will be of traditional brick and block.



Construction of Friarton Bridge across the Tay is now well under way. Main contractor, The Cleveland Bridge and Engineering Company, has begun erection of the first of the 50 large box girders required, some weighing 70 tonnes. The boxes are successively lifted in pairs and welded to one another in the air while supported on temporary towers. Spans will vary from

63 metres on the approaches to 174 metres across the Tay. The river span will involve floating the steel boxes on a pontoon and lifting them by purpose-made cranes from the partly completed bridge on either side. The contract worth over £6m. is being carried out for the Scottish Development Department. Consulting engineers are Freeman Fox and Partners.

## £4m. council work by John Laing

AT PANSHANGER, two miles from the centre of Welwyn Garden City, John Laing is to carry out a 278 dwelling housing development which will accommodate about 1,000 people.

The contract period is 127 weeks and the specifications call for a number of specially designed units for disabled persons, providing ramped access and a layout of accommodation which avoids stairway problems to a great extent. Archer Boxer Partners are the architects.

More than £1m. worth of work has been placed with the group by Manchester City Council.

The major job is the second phase of a neighbourhood centre in Miles Platting and work has just started on this £702,000 project which covers libraries, swimming pools, a laundry, lecture theatre and exhibition concourse.

Housing is 'on the site of the former wholesale fruit market in the centre of the City and the current plan is for 33 dwellings to be extended at some further date.

## European construction industry

THE CONSTRUCTION industries of 22 countries of West and East Europe, and for good measure a survey of off-shore oil sites, maps of individual countries, an overall communications map for all Europe and a list of common abbreviations, are all features of the second, enlarged, edition of "Construction Industry Europe".

It is in two languages, English and French, appearing side-by-side. It certainly seems that those engaged in the design and construction of buildings and civil engineering works, especially if involved with the European countries and their regulations and requirements, this should be a useful reference work.

Published by House Information Services, 1, Cresswell Park, Blackheath, London SE3 9RG (01-852 6177). A4, 380 pages, £18.75.

## Cartwright with £3m. contracts

CONTRACTS worth about £3m. have been awarded to the Construction Division of Joseph Cartwright. The largest, for 107 dwellings at Balidon and worth almost £1.3m. has been awarded by the Bradford Metropolitan Council.

Other contracts in Harrogate just started are for the construction of 86 flats for the Harrogate Northern Housing Association and the modernisation of 56 houses for the Harrogate Council.

Wyke the company has begun work on 59 dwellings for Bradford Metropolitan Council at a contract value of almost £1m. while in the south contracts include a housing scheme for the London Borough of Merton costing over £1m. and a £400,000 office block in Stroud, Glos.

## Big safety glass award

LAMINATED glass, of grades specially developed by Thomas Bennett to meet a stringent set of security and environmental needs, is playing a vital role in the construction of a "prison without bars" on the outskirts of Amsterdam.

The £300,000 contract, believed to be the largest for laminated glass placed anywhere in the world, was gained against stiff Continental competition. It was placed by the Aker Construction Consortium on the authority of the Dutch Ministry of Housing and Physical Planning. Thomas Bennett worked

## Jetty job goes to Mowlem

JOHN MOWLEM and Co. has won a contract for Shell Oil for jetty upgrading and construction of the "D" Jetty, Shell Haven, Essex.

In this complicated job involving timber decking and jacking the existing jetty, removal and supporting of work grates and concrete. The existing jetty will also be grouted, coated with epoxy resin, and existing timber, damaged by rot, will be replaced in steel angles.

The deck will be reconstructed in situ concrete on precast stressed concrete beams. In addition, the existing jetty points will be strengthened and each end of the jetty head driving 165-ton diameter jacking piles to support the existing structure, extending the 12m thick concrete deck over the new piles.

## Nottingham group gets £3.4m. jobs

BIGGEST OF the projects entrusted to W. J. Simms Sons and Cooke (Northern) is for £2.2m. in a series of awards which tot up to over £3m. It is for open cast coal extraction at Denby in Derbyshire for the NCB and it covers a span of 41 years.

Among the other contracts is one for £426,000 to cover alterations and extensions to Littlewoods Chesterfield store. "There is also a self-service store to be constructed at Denby, in the Hull for Jackson and Sons of Nottingham. Another £1.2m. unit to be set up at St. David's School, Mold, Clwyd, and a new central library at Midhurst on site will start soon. House, Angel Row, Nottingham should be completed early 1979.

The Costello Taylor Wood joint venture for the construction of the new Dubai dry dock has ordered 19 cranes cost £1m. from J. K. Cartercranes Co. Ltd.

Pre-fabricated bathroom made in Italy in a variety of configurations and including shower, wash basin and lavatory, being marketed in the UK by Makoni Establishment of Selbourne Road, London SE12. The units can be set up for site preparation and poured six or seven at a time development work for a private lobby.

## Six miles of by-passes

BOTH THE Aldersbury by-pass in Wiltshire and the Bratley Division in Hampshire are to be constructed by Southern Counties Construction Company under contracts worth together £3.1m.

The £2m. Aldersbury operation is to include 21 miles of dual carriageway, three under-bridges, one overbridge and a cattle creep.

Work at Bratley calls for 1.2 miles of new dual carriageway plus just over a mile of single carriageway with a three span underbridge, cattle creep and two culverts.

## £1.8m. worth for Wood

LARGEST of three contracts worth about £1.8m. won by W. H. Wood (Hastings) is at Skinner Street, Chatham for the Medway Borough Council. Contract value is £1,000,000. Work has started on the 85 dwellings comprising 82 houses, 12 flats and 4 bungalows, using the Guildway system of prefabricated housing.

## Order book up by £3.2m

WILTSHIRE Construction has been awarded a contract to carry out a commercial development for J. Sainsbury at the Lords Hill district centre Southampton. The architects are Scott Brownriggs and Turner who have prepared the master plan for the centre which will include both community and commercial buildings.

The shopping element will comprise a 4,840 square metres Sainsbury supermarket, unit shops of 3,330 square metres, a partially enclosed shopping mall and parking for 550 cars. The district centre will eventually contain a health centre, library, church, public house and community hall. It is anticipated that the centre will be trading by summer 1977.

At Edith Terrace, London.

## Two tasks for Turriff

CONSTRUCTION of a building to house plant for handling refuse and converting it into a fibrous soil-like material is about £770,000, while Bexley has commissioned work on two schools in its area for a total of £135,000. Other work includes the construction of a motorway link.

GLC has placed the second largest award with the company for 51 dwellings in the Tower Hamlets area with a total cost of £770,000, while Bexley has commissioned work on two schools in its area for a total of £135,000. Other work includes the construction of a motorway link.

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## Six awards to Rush & Tompkins

CONTRACTS to the tune of over £21m. have been awarded to various subsidiaries of the Rush and Tompkins Group, the largest worth £1m., having gone to J. T. Parsons for work on the big Walpole Centre at Marlborough, Wilts. This involves new premises and extensive operations on the existing buildings.

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## Now is the moment to order

COMPANIES who want building work done have been advised to put it in hand now, otherwise the delay will mean having to pay more later.

Over the past 12 months total building costs have risen by about 15 per cent, and there are "significant materials price increases already in the pipeline," according to Mr. R. M. Willan, president of the National Federation of Building Trades Employers.

Speaking at the half-yearly general meeting of the Federation's Southern Counties Region at Eastbourne last week, he said: "In the case of house builders—who always provide a useful barometer to gauge the way things are going in our industry—their costs over the past two years have gone up at precisely twice the rate of house price increases."

"The picture we get is that with order books low and unemployment high, determined efforts are being made by building firms to win new work. The message for those who want

## Quarterly analysis of bank advances

Prepared by the Bank of England on May 19.

ADVANCES TO U.K. RESIDENTS									
	£m.	Total	In sterling	In foreign currency	Total	In sterling	In foreign currency	FINANCIAL INSTITUTIONS	Other
London clearing banks	1976 Feb. 15	13,327	12,317	1,010	2,071	230	1,841	107	1,934
	May 19	13,248	12,228	1,020	2,020	251	1,769	107	1,662
Scottish clearing banks	1976 Feb. 15	1,696	1,491	205	221	74	147	18	123
	May 19	1,739	1,591	208	242	76	166	18	124
Northern Ireland banks	1976 Feb. 15	327	320	7	16	1	15	3	13
	May 19	341	330	11	18	2	16	3	15
Other banks	1976 Feb. 15	14,701	7,981	6,719	4,332	1,897	2,435	285	1,852
	May 19	13,678	8,228	5,450	4,490	2,062	2,428	297	1,851
All banks	1976 Feb. 15	30,051	22,114	7,736	6,669	2,203	4,466	414	2,855
	May 19	31,004	22,292	8,733	6,522	2,461	4,061	428	2,633
Changes (d)	1976 Feb.-May	+953	+178	+777	+173	+198	+11	—	+10
		+77	+178	-101	-63	-37	—	—	—
SERVICES									
	£m.	Total	In sterling	In foreign currency	Total	In sterling	In foreign currency	FINANCIAL INSTITUTIONS	Other
London clearing banks	1976 Feb. 15	3,468	611	325	527	61	466	590	1,350
	May 19	3,371	677	319	562	64	498	515	1,355
Scottish clearing banks	1976 Feb. 15	501	87	45	72	30	42	74	18
	May 19	514	102	72	65	33	32	77	18
Northern Ireland banks (c)	1976 Feb. 15	111	—	—	—	—	—	36	75
	May 19	111	—	—	—	—	—	36	75
Other banks	1976 Feb. 15	4,798	3,020	919	1,262	378	884	281	1,016
	May 19	5,190	3,277	997	1,486	405	1,081	291	1,154
All banks	1976 Feb. 15	8,873	3,717	1,309	2,497	477	2,020	1,060	1,897
	May 19	9,586	4,056	1,388	2,668	507	2,161	1,173	1,902
Changes (d)	1976 Feb.-May	+713	+339	+79	+171	+27	+141	+113	+105
		+83	+89	—	—	—	—	+13	+10
MANUFACTURING									
	£m.	Total	In sterling	In foreign currency	Total	In sterling	In foreign currency	FINANCIAL INSTITUTIONS	Other
London clearing banks	1976 Feb. 15	3,284	156	402	244	155	929	237	2,957
	May 19	3,165	178	380	282	194	241	237	2,928
Scottish clearing banks	1976 Feb. 15	408	21	87	23	19	69	81	327
	May 19	407	24	92	20	16	77	87	320
Northern Ireland banks (c)	1976 Feb. 15	62	—	16	—	—	—	—	62
	May 19	67	—	19	—	—	—	—	67
Other banks	1976 Feb. 15	4,798	3,020	919	1,262	378	884	281	1,016
	May 19	5,190	3,277	997	1,486	405	1,081	291	1,154
All banks	1976 Feb. 15	8,873	3,717	1,309	2,497	477	2,020	1,060	1,897
	May 19	9,586	4,056	1,388	2,668	507	2,161	1,173	1,902
Changes (d)	1976 Feb.-May	+713	+339	+79	+171	+27	+141	+113	+105
		+83	+89	—	—	—	—	+13	+10
OTHER PRODUCTION									
	£m.	Total	In sterling	In foreign currency	Total	In sterling	In foreign currency	FINANCIAL INSTITUTIONS	Other
London clearing banks	1976 Feb. 15	1,773	12	741	94	937	2,721	—	—
	May 19	1,776	17	757	94	925	2,744	—	—
Scottish clearing banks	1976 Feb. 15	304	23	128	34	87	253	—	—
	May 19	305	26	128	37	85	272	—	—
Northern Ireland banks	1976 Feb. 15	68	—	46	2	18	76	—	—
	May 19	68	—	46	2	18	76	—	—
Other banks	1976 Feb. 15	1,236	567	601	708	292	474	60	233
	May 19	1,417	666	658	754	326	1,088	69	253
All banks	1976 Feb. 15	3,473	1,222	1,110	844	275	491	120	171
	May 19	3,601	1,395	1,110	844	275	491	120	171
Changes (d)	1976 Feb.-May	+128	+173	—	—	—	—	—	—
		+24	+42	+168	+2	+22	+22	+2	+2
PERSONAL									
	£m.	Total	In sterling	In foreign currency	Total	In sterling	In foreign currency	FINANCIAL INSTITUTIONS	Other
London clearing banks	1976 Feb. 15	1,773	12	741	94	937	2,721	—	—
	May 19	1,776	17	757	94	925	2,744	—	—
Scottish clearing banks	1976 Feb. 15	304	23	128	34	87	253	—	—
	May 19	305	26	128	37	85	272	—	—
Northern Ireland banks	1976 Feb. 15	68	—	46	2	18	76	—	—
	May 19	68	—	46	2	18	76	—	—
Other banks	1976 Feb. 15	1,236	567	601	708	292	474	60	233
	May 19	1,417	666	658	754	326	1,088	69	253
All banks	1976 Feb. 15	3,473	1,222	1,110	844	275	491	120	171
	May 19	3,601	1,395	1,110	844	275	491	120	171
Changes (d)	1976 Feb.-May	+128	+173	—	—	—	—	—	—
		+24	+42	+168	+2	+22	+22	+2	+2

(b) Including lending under special schemes for domestic shipbuilding. (c) The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing." Metal manufacturing, electrical engineering, shipbuilding and vehicles in "Other engineering and metal goods." and "Transport and communication" in "Public utilities and national government." (d) The second lines of figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currency.

# The Bodyswappers transport policy

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Telephone 01-388 1760

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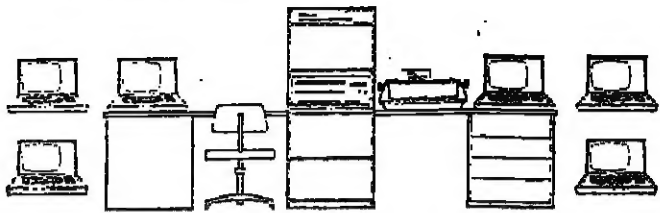






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### TWO DAY COURSE

#### Microcomputers for Managers

Intel, the world's leaders in microcomputer technology, are holding a two-day course on microcomputer systems at their Oxford Technology Centre. The course is specifically designed to provide managers with an insight into microcomputer system implementation.

The implications of microcomputer usage on system costs and performance will be discussed in great depth and the methods which should be employed to monitor and control a microcomputer system design project will be explained in detail. The range of applications to which the microcomputer can be applied to advantage will also be highlighted.

The fee of £65 plus VAT covers attendance at the course, lunch and light refreshments on both days, and full documentation.

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We regularly hold courses at Oxford on all aspects of microcomputer technology for engineers.

Please apply to the above address for full details.

TO THE TWO who knows of data processing little more than the word "computer" and the unavoidable fact that pocket calculators are fast and versatile, "mini computers" and now "micro computers" must seem to be just more incomprehensible jargon.

Yet both in their spheres represent as great a revolution as the computer—or the calculator, or the transistor—but on vastly reduced time-scales.

It has taken the post-war years for the large general-purpose computers to become established. Minicomputers, for military purposes initially, became widespread just over ten years ago, but it is a scant five years since the first microcomputer made its bow. Interest in this acceleration is the way in which these complex machines are made.

The standard computer ten years ago was a maze of wiring between components on large boards, themselves attached to mother boards having even more fantastic festoons of interconnections behind them and the whole contained in cabinets with their own power supplies, refrigeration, etc.

Assembly was long, faults frequent and costly to remedy and modifications to wiring a nightmare. Marvels of ingenuity to make the back-wiring as near automatic as possible were worked out by specialist engineering companies—others strove for ten years to perfect ways of getting rid of wiring altogether by making component boards with many layers, the connection paths being provided along conductors formed between several layers.

Minicomputers from the outset adopted much of the latter technique and also tended to use more complex electronic components as their basic elements, primarily because the most important job for them when they were first conceived was to do repetitive work as fast as possible. They could large number together, "in-also quickly be redesigned to take account of improved devices.

While the minis were getting into their stride—and there are probably several hundred different machines now to choose from—the designers of had circuits, a shorter signal electronic components were not

standing still and it became axiomatic that in electronics "small is beautiful." To what extent this trend was dictated by the needs of U.S. space technologists and missile makers is arguable; in any event it was a move that paid off handsomely. In two ways. First, the machines such as navigators, stabilisers, star seekers and so on could be made much lighter and smaller and take up less payload. Second, by making the components smaller and putting a large number together, "in-also quickly be redesigned to take account of improved devices.

While the minis were getting into their stride—and there are probably several hundred different machines now to choose from—the designers of had circuits, a shorter signal electronic components were not

#### Tactics

In all three of these markets, the same tactics are apparent as were used from the start with integrated circuits, rapid price attrition by using wherever possible the cheapest "off-shore" labour to do the delicate manual assembly work which costs too much to do this way

# FINANCIAL TIMES REPORT

Monday, June 28, 1976

## Mini and Micro Computers

The introduction of both the mini and the micro computer represent quite a revolution in data processing. The mini became established just over a decade ago while the micro has been on the market only around five years.

## Making their impact

This Report was written by Ted Schoeters

Market estimates of the production of various areas by computers abound. Fre sources say a large proportion of the large scale integrated (LSI) devices made anywhere by the end of the decade, be microcomputer oriented. The recent Salon des Concessions in Paris it was said that half the LSI's manufactured would belong to family—15 per cent being processors themselves, 60 per cent random-access or only memories and 25 per cent input-output devices.

But this does not give idea of scale. Macintosh, a sultans' forecast. Europe markets for integrated circuit alone in 1979 as \$1.22 rising from \$733m. in 1974.

This is against a backlog of \$2,862m. (\$1,812m.) for semi-conductors and one \$8,748m. (\$4,635m.) for all computer systems. The figures are in Western Europe, example the EEC, the No countries, Switzerland, S, and Austria.

The same group has gone further and predicted that computers, and small, bush computers together with micro and support components as units manufactured for gratification into another build products (GEM—other, element manufacture) will add to a \$1.8bn. market in 1980 the same European country. By comparison, this year's figure is put at \$1.1bn. and the growing area is microprocessors components—solid state memory, input-output, clocks—with a 500 per cent growth while OEM micro-minis are the slowest segment. Because of continued price attrition to achieve a greater mass production large integrated circuits, the price attrition is anything like what it was the beginning of the decade, when the (U.K. semiconductor makers as were losing about £1m. a year sales against increasingly has U.S. dumping, the market terms of actual devices sold going to grow very rapid. With these facts in mind, it \$11m. worth of microcomputer devices to be sold in Europe 1980 could represent a very large volume of product. In the figure Macintosh puts price at \$65m., which is high be instructed to do many tasks, they will make obsolete a large year's figures are \$40m., a array of existing specialised equipment.

But they will not and cannot totally displace the minicomputer for a number of reasons, most of them inherent in the technology used to make them, which produces a slower device.

For the foreseeable future they will not be used where large amounts of information have to be handled, where fast operating peripherals such as fast stores have to be controlled, when a number of alternative programs have to be held in memory and in interactive working.

It is relevant at this point note that only one Europe component producer is known to be planning firmly to launch its own design of microprocessors. The manufacturer is F ranti and the computer will shown for the first time September. Intended primarily for military applications it is a 16-bit machine of a "q" which—Macintosh comment "provides a market decrease programming effort and execution time compared with earliest micro and its immediate successors."

## "A satisfactory definition of a mini-computer is no longer possible."

Satisfactory definitions of both mini and micro-computers are not only no longer possible, but they are no longer necessary.

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## Mini growth

ANYONE who still doubts, particularly in public, that the minicomputer is having and will continue to have a major impact on the larger general purpose computer on all fronts is unfortunately denying the obvious. This is true—not only the minicomputer as such, but also the various types of terminals which are virtually computers in their own right and can do more local processing than a computer ten times the size and cost ten years or so ago.

In recent weeks both Clancy Spangle of Honeywell and Herb Grosch, one of the prophets of the U.S. computer industry, have come out strongly against the concept of distributed processing in which a network of minis splits up a total data processing job, each being able to hand over to the next one down the line should there be some malfunction. The argument revolves around the discovery, in actual testing, that it is possible to carry out a given computing job, using minis at strategic points, at a cost in equipment of about one-quarter to one-third of the cost had a conventional large data processor been used.

#### Load

Both the attackers say it will take five to ten years before this concept will make a real impact on the industry as a whole, mainly because of software problems. But are they not arguing against an ideal case? Already many users who need more power in their computer rooms are avoiding the obvious move of taking the next model up on their existing equipment and buying in fully-fledged small machines which they use to take over a specific area of the computing load. The small machine feeds the processed results to the central unit—a beginning in distributed processing.

Meanwhile, predicted growth rates and observed installations of minis are far higher than for general purpose machines (or mainframes) as recent studies by a number of market studies operators disclose. The most recent, from Expertise International, gives a mini growth of 21 per cent, as the accompanying table shows. It should be noted that there is a deep fringe area between small business systems and minis, particularly with the advent of so many new intelligent micro-processor driven terminals working with minis.

It is difficult to allow for the overlap between minis and small business systems and still harder to equate the dip in sales of intermediate-sized computers with the predicted 11 per cent growth for all general-purpose machines, but it is not difficult to see minis reaching half the sales rate, by value, of larger computers by 1985 and at parity by 1990—though, of course, five years is a long time in computing!

One thing is sure: had IBM continued to pursue FS (future systems) development as hard as it was doing some two years ago along the lines of distributed processing for major companies with plant all over the U.S. or Europe—or the world—all other major manufacturers would now be talking distributed processing to their customers with 79/80 as the target date. Some, including Burroughs and Univac, are already a long way down the road and the latter has recently launched a series of microprocessor-based intelligent terminals which will still further reduce the role of the central computer towards that of a "glorified electronic post-office."

It is hard to over-stress the advantage to the mini-makers of their ability to adopt the

latest technology within years, rather than years, as in case with mainframes. A because electronic engineer is leaping ahead at a pace which is leaving many potential users far behind, solutions to number of computing problems

Continued on next page

## QUESTIONS

- Do you know if your company can benefit from MICRO COMPUTERS?
- Do you know if your executives know if your company can benefit from MICRO COMPUTERS?
- Do you know if your executives know what MICRO COMPUTER will be of most benefit to your company?

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# Advances in technology

to success in producing and more complex circuitry on smaller and smaller chips. The number of active material is the number of steps between the raw material and the finished product.

Several of these steps involve "cooking" a thin layer of material for hours at red heat, or bombarding a vacuum with a stream of ions, or again depositing layers of metals to a pre-set thickness. It is hardly surprising that failure rates in the past have been high.

This is necessary because chemicals which make tiny silicon and some other conductors behave like fashioned valves and/or diodes are injected only into a thin layer of atoms at the surface of the slice of material. These areas have to be connected to processing signals and feed into other parts of the circuit. Hence the need for interconnections and inevitably fine wire to connect points. The devices to be protected against are corrosion—therefore layers—and they to be extensively tested, at further touchings of the surface is inevitable.

It is a wonder that before a process is perfected yields are so poor as to jeopardise very existence of its use. What is remarkable is that only two companies, Philips and IBM—in that order—have decided to go back to square one and make a detailed basic research investigation of what is happening in those layers of atoms between the sphere and bulk materials.

A reason partly is that the headlong development of integrated circuits, by the way was against clock, by trial and error. No one had time for a lot of years of laboratory investigation, and particularly in the military crying for more capability and speed.

With time and experience, two sets of processes have emerged and a gross modicum belongs to either bipolar or MOS procedures.

The first is fast, so fast that the latest mini-computer on a board (from Hewlett-Packard) by a factor of five, using bipolar circuits.

But MOS is simpler, easier to apply and more suitable for the production of microscopic devices with up to 30,000 components in them.

## Devices

And so to micros. Inevitably the first were MOS devices, but since the disadvantages of slower operation have become apparent, a number of producers have turned to variants or to combinations with bipolar or again, to a different method of planning how the device will work and the net result is a great diversity of what manufacturers can offer and what non-manufacturers who want to use micros in their own electronic bits and pieces are prepared to back—though it is fair to say that the micros which operate on the basis of words containing eight binary digits (led by Intel and Motorola) look like holding half the market with the rest split between four bit, sixteen bit and perhaps twelve bit devices.

But to go back for a moment to the youthful grand-dad of them all, Intel's 4004. It was followed quickly, by the Intel 8008 because a large market potential opened up—only to close because the customer decided to go to smaller but faster bipolar components. So Intel marked time, interesting many potential users until it had overcome the difficulties of applying a much faster version of MOS in the 8080 microcomputer.

This is the device actively marketed and supported by GEC in Britain, which has the capability to make it but is not exercising this for the time being. GEC is making a multiplier chip by the same process and hopes to be offering an

8080 to 85000 standards in the not too distant future. Siemens is the only other international company to have been given similar treatment by Intel. Meanwhile, the latter has brought out a bipolar micro set in which are processors with ability to handle two binary digit words so that if joined together in parallel, any of the commonly used word lengths can be handled. There are no languages to handle this type of computer but its instructions would be defined by or for the user and put into an equally compact read-only memory.

Speed is where this "2000" unit gains. It is available from GEC and is also made under licence by Signetics, wholly owned by Philips.

Motorola is the major competitor for the 8080 with the 6800 and, in Britain, has secured support by a somewhat different deal under which Computer Technology is providing engineering and service backup.

National Semiconductor, which has an intimate deal with Plessey, allowing the latter to offer Plessey-made microprocessor devices in the U.S. if it so wishes, is, however, emerging as the world No. 2 in semiconductors, despite the somewhat disastrous experience in the Novus consumer product venture during 1975.

It is set on a course which should bring it to a \$450m.

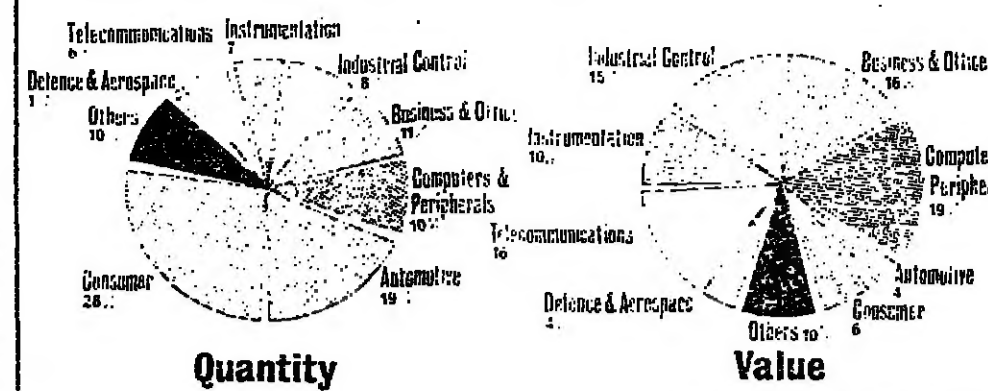
## Hunches

In Europe, a similar pattern has emerged with various manufacturers—such as Thomson-CSF with the Advanced Micro Devices (US) 2800—backing their own hunches.

At the same time, the two world leaders in the microcomputer field: Digital Equipment Corp. and Data General, have brought out their own micros as have CAL, Honeywell and many others.

But there is a severe problem in the use of micro-processors for other than clearly definable, repetitive work relatively easy

## West European Microprocessor Market 1980 Projection (including memory and support)



turnover in 1976-77 against over \$320m. in the financial year just past, and claims to offer more microprocessor options than any other company in the business.

National is planning to offer an 8080A second source unit with Intel, to be "militarised" when required. It is also purchasing a 16-bit course with its PACE/IMP series of computers on a single chip.

to capture as a series of instructions in an electronic memory. Most people—but not their authors—are underestimating the software work needed to provide micros with a reasonable competence against, say, a standard mini. A recent study showed that almost half the applications require 1,000 man-hours of software work and just under a third, as much as 5,000 hours.

It is obvious why the makers have been at pains to seek support and why software companies with the reputation of CAP have set up groups of microcomputer specialists to handle this type of work really before the market has felt the full impact of the micro. Some service bureaux have also moved into the field with support through simulation which allows would-be users to shrink the time needed to prepare operating routines.

At the moment, according to a poll conducted by Electronic Data News, some 60 per cent. of micro applications are to replace non-computing logic and only 15

per cent. to replace minis. The field otherwise is vast—sewing and washing machines, TV games (including chess), within larger computers to control specific functions such as input/output and diagnostics and in the huge area of computer peripherals of which \$5m. worth will be sold in Europe alone in 1980.

Micros are appearing at the other end of the scale in "constructions" such as the Hypercube which is able to handle 16m. instructions/second and for \$4m/900 will do as much work as IBM's 370/185 (181m). It contains between 32 and 512 Intel 8080s.

Looking further ahead is ICL's Array Processor which seeks to solve appropriate problems faster by splitting them up into small pieces that can be dealt with by the small interlinked processors in the array. The question of building an experimental 64 x 64 cell computer is under discussion.

## Growth

CONTINUED FROM PREVIOUS PAGE

already exist in the form of novel hardware—all that is required is for the expert systems house to recognise the solution for what it is.

This is one reason several service bureaux have moved to offer design and installation expertise to would-be users, another being the old adage "if you can't beat 'em, join 'em". Since many small bureau users have been wooed away by entrepreneurs offering a turnkey installation service with small machines.

Either way this spells loss of

processing work for the big machines and it is typified in the recent decision by Centrefile (Nat West) to purchase a large number of DEC minis for installation in the premises of building societies taking the Centrefile on-line accounting service. Small machines, in IBM's 370 and System 3 series are natural targets as are small machines in ICL's repertoire, despite the acquisition of Singer.

Hewlett-Packard, Varian, Ventek, DEC (indirectly), Data General, Lockheed and now

Cincinnati Milacron, among others, are all in this battle to replace conventional mainframe though, on several occasions leading executives of some of these companies have asserted that such displacements were not what the mini business was all about—but they cannot control OEM.

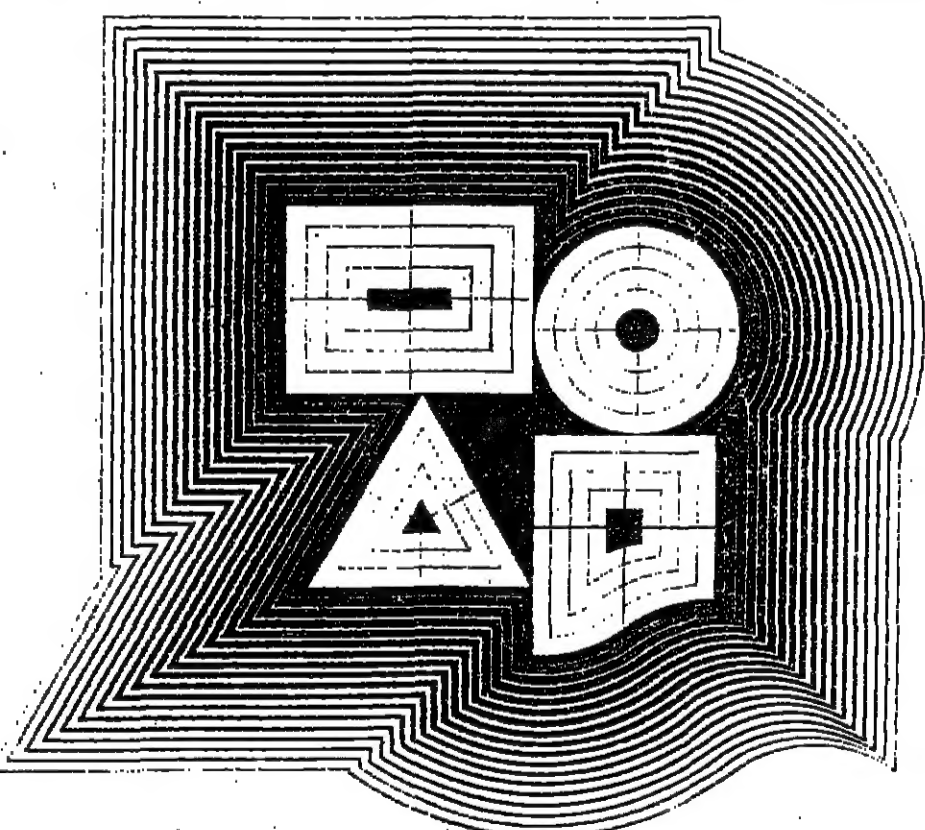
Makers of general purpose machines are reacting to the threat and NCR, for instance, with its 5200 mini is offering packaged software operating routines designed to do a specific job along the lines taken by IBM with System 32. And Univac has Acorn.

The software houses are, naturally, very active in developing these packages and without their support market penetration by the minis would be far slower.

A spokesman for CAP (working on package for Ventek's Datapoint) has pointed out that first time computer buyers among the million new users expected in the U.S. and Western Europe in the next few years will get few downright bad bargains in their £25m. worth of purchases in that period.

But they might get less than they should for the money they are paying, whether they buy from—initial specialists, turnkey operators or mainframe makers who has turned his hand to mini. In the latter instance it is hardly likely that the big companies will want to do more than provide a captive user market for their larger machines.

European Market 1973-80				
	1973	1980	growth	%
Main frame	2,875	4,910	11	
Mini	195	510	21	
Small business systems	1,143	2,685	19	
Visible record computers	320	645	15	
Total	4,633	8,750	13.3	Average



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The company operates extensive quality assurance procedures and was recently registered as the first software house to pass the full Ministry of Defence QA inspection. Systems Designers has a turnover of £1M in the field of advanced software and minicomputer systems, and financial backing from the Midland Bank Group for its continued international expansion plans. Relevant advice based on real experience can be given to both current and potential minicomputer users, and a team from the company's 100 professional consultants and systems staff is able to implement the solution.

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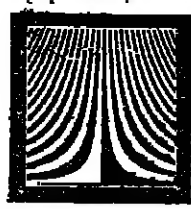
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## AUTOMATION Low-cost stock control

PRODUCTION MANAGERS with a stock control headache can relax because a U.K. group has built what is probably the cheapest electronic stock control unit available—and likely to stay that way for some years to come.

Able to cope with up to 13,000 separate items, the unit consists of display and keyboard, twin floppy discs, fast printer and microcomputer controller.

Dual density discs and the Intel 8080 microcomputer, come from the U.S. The VDU from a U.K. source and all the rest, including the all-important software, from Britain in a package costing just under £4,000 put together by Computer Ancillaries, sellers of the MAEL low-cost office computer of which about 250 have been installed.

MAEL is the name which the company has given to the equipment. It has a number of companion units already in the pipeline for payroll, invoicing and a variety of other day-to-day commercial operations.

One ability that will attract potential users' attention is that of accepting and using any company's existing stock codes, titles and methods. This avoids the frequently-made demand by makers of other such systems that the user re-code stocks completely.

Another is that the basic unit is able to run up to four displays and keyboards and thus cope with a very busy stock department without the need for dual machine operations.

Inventory is placed in store with the minimum of effort and the fields (spaces) allocated for such items as part number, description and quantities are more than is needed for the alphanumeric stock control procedures now in use.

Immediate information on any stock position can be provided on the display and keyed out on the printer as needed. No experience

of computers is demanded of the operator who requires average typing skills to be average proficient on the MAEL.

Ordinary power supplies and ventilation suffice and judging by the pre-launch response, this unit should find its way very quickly into the huge market of smaller engineering concerns, maintenance depots, central stores, etc. who need to keep tight control of inventories in order to reduce overheads and idle capital.

CAL is at 64, High Street, Egham, Surrey, TW20 9EY. Egham 6455.

## PROCESSES Chemical or oil spill recovery

RE-USABLE PADS, stated to be capable of absorbing up to 30 times their own weight of oil or liquid chemicals, but excluding water, have been introduced by Polarchem, 34, Ebury Street, London SW1W 0LU (01-730 7158).

Developed by an American textile company, and called Petro-Trap, the pads are used singly or in groups, inside or outside, on land or water, to absorb spillages and decontaminate water. Pads can be wrung out for re-use, and the spillage recovered if required; a wringer is available.

Buoyant and environmentally inert, the pads comprise an absorbent polymeric foam core sealed in a spun-bonded polypropylene membrane, which is permeable to oil and various chemicals, but not to water. The membrane can incorporate a vapour barrier for part of its surface when undesirable secondary evaporation might occur.

Standard pads are up to 30 x 18 x 8 inches. They can be joined by cords to form an absorbent boom, stated to be capable of withstanding tidal action and to remain flexible at low temperatures. Approved by the U.S. Coast Guard and Environmental Protection Agency, the pads cost £10 each.

## MATERIALS Surface is easy to apply

QUALITIES COMPARABLE with those of low-pressure laminate sheeting plus the advantage of availability in rolls for processing on standard production equipment are claimed for Igraplan. This is Sonneborn and Rieck's fully-finished melamine surface laminate range.

Igraplan is aimed at the wood-working industries and requires no after-finishing. It is immediately available in several wood colours with textured grain patterns and in white. Other finishes will be available shortly and the company is prepared to discuss matchings outside the current range.

Heat resistance and dimensional stability are basic to the material, which is also impervious to water, solvents and many acids as well as household substances.

Resistance of between 5 and 30 seconds to a burning cigarette end is claimed, as well as distinct anti-dust properties.

Further from the company at Jaxa Works, 91 Peregrine Road, Balaun, Essex.

## Trough for pitched roofs

FOR USE with pitched roofs as an alternative to the traditional lead or concrete valleys, a Vulcan trough valley is now available, and claimed to be cheaper than either.

Preformed from moulded glass fibre reinforced plastic it is stated to be almost unbreakable, but can be easily cut to length and will fit most types of valley on tiled or slated roofs.

The profiled radial cross-section enables it to be used on varying pitches, and adds rigidity and strength.

Each unit has a girth of 400mm, and is 2.5 metres long. Consecutive lengths are laid on slates felt then nailed through drilled holes into counterbattens

under each edge. Trimming at head and sole of the valley is carried out with a fine toothed saw.

The trough is available in packs of ten from Vulcanite, Trident Works, Seven Stars Bridge, Wigan, Lancs, WN3 5AF (0942 46392), a Ruberoid Group company.

## ELECTRONICS Goodbye to dual in-line packages

DEVELOPMENT of a new package for microcircuits which is both smaller and easier to apply than the conventional dual in-line package (DIP) used widely by the microelectronics industry has been disclosed by General Instrument Microelectronics.

Approximately one-third the size of the conventional package it replaces, the new unit, called Mini-Pak, has a long list of advantages.

Mini-Pak is a square layout, approximately 1-inch on a side and 1-inch thick. This compares with the larger dual in-line package having the same number of leads, which is closer to 11 inches in length, 1-inch in width and 1/4-inch thick.

The microcircuit chip is mounted on the top of the Mini-Pak substrate and wire-bonded to conductors which carry the signals from the chip to an array of solder "bumps" formed on the underside of the package. The top of the chip is protected by a special coating.

In practice, Mini-Pak is attached to a printed circuit board by heating the perimeter of the Mini-Pak and allowing the solder bumps to reflow on to the connections of the printed circuit board.

Advantages obviously include better packing on the boards. But the devices also are much more easily attached and replaced, using simple tooling. Automated testing of assemblies and boards is easy and the units carry their own solder for fast assembly.

Inspection is made easier and so is the drilling problem on the circuit boards.

The company considers its design must become standard for consumer and calculator circuits where space is at an absolute premium. Initially, selected pro-

Less than nine inches long this underwater television camera can be either hand-held or attached to any diving mask for the inspection of undersea structures. Available in the U.K. from Technation, it is so light that in water the load on the helmet or in the hand is only 1 lb. To have both hands free while examining a piece of equipment deep below the surface is clearly a major advantage. Sensitivity to low light levels is good and there is a 75 watt bulb attachment allowing the camera to operate in extremely muddy waters. The whole unit is totally enclosed in a pressure housing neutrally buoyant in water. Further from the company on 01-958 5636.

ducts are to be offered in the company's calculator, clock and TV game lines. Ultimately, over 100 standard components will be available in the new type package.

General Instrument Microelectronics, 37 Mortimer Street, London W1N 7TD, (01-636 2022).

## PACKAGING Straps thin packages

WHEN CONVENTIONAL power strapping equipment cannot be used because the packages are of insufficient height, a new machine from Signode will probably cope.

Designated the M25V, it has an inverted sealing head placed to apply seals to the underside of packages, rather than on the side. Various models are available, allowing the equipment to be used with packs ranging from 4 inches wide and 1 inch high to 61 inches wide and 24 inches high.

To operate, the pack is positioned on the machine and a pedal depressed. Automatically strapping is drawn from a fully-enclosed chute, tensioned around the package, notched, sealed and cut. Strap tension is adjustable by regulation of air pressure. At 80 psi strapping is fed at 48in./sec. and taken up at 36in./sec.

are placed on the bottom of the package with the seal centre line 14 1/2 in. from the package guideline. The machine is supplied with conveyors. Air line pressure required is 70 to 125 psi, using an average 3 cu. ft. per cycle. Single phase electric supply is needed. The machine uses painted steel strapping 1 or 1 1/2 inch wide, 0.01 to 0.02 inch thick. More from Signode, Queensway, Forestfach, Swansea, Glam. (0792 32811).

Double as a shrink wrapper

AN ADJUSTABLE non-shock can packing machine which processes various can sizes without changing machine parts, has now been further developed by Wix of London to operate as a shrink wrapped rolled paper packer as well.

Can sizes that can be packed range from small to A10 and 5 litre, and include pack arrangements for 5 by 5 and 5 by 4 metric as well as the standard 4 by 3 and 6 by 4. Over 100 can speeds are variable up to a maximum of 300 cans/minute operation is electro-pneumatic. Used for packing shrink wrapped paper, wallpaper, wrapped hospital and kitchen



rolls, it can adjust to many roll diameters, as well as Imperial and metric pack arrangements.

The discharge can be coupled to a case sealing machine which conveys the discharged filled cases horizontally, automatically sealing flaps at both ends of the case with adhesive or tape. Only one operator is required, and packing speed is up to 8 cases/minute.

Details from the maker at 29 Minerva Road, London NW10 (01-958 1255).

## High speed heat seal machine

STATED to be suitable for use in hospital centralised sterile service departments and similar establishments as well as among producers of chemical, food and any other products which are packed in small polyethylene-laminated bags or sachets, a high speed heat seal machine has been introduced by Whitehall Machinery, Chalks Road, Whitehall, Bristol BS5 5ER (0872 553551), a DRG company.

Intended as a general purpose machine, easily operated by inexperienced staff and readily maintained, the machine is a development of the company's Crimp-Seal. Improvements include: increased throughput from 24 to 30 ft./min; more powerful drive with improved cooling; tamper-proof, four-position stand for vertical or horizontal feeding; totally enclosed wire enamelled guards.

Control has been simplified—all standard materials can be sealed on a single setting. Internal adjustments can be made to suit different materials.

INSTRUMENTATION and control systems must be considered as an integral part of marine systems, no less important than the machinery to be controlled and monitored. This comment is emphasised in the preface to the second edition of the British Ship Research Association's publication "Code of Procedure for Marine Instrumentation and Control Equipment".

Although primarily intended for use in marine work, much of the content is also directly applicable to the instrumentation and control of industrial plant.

The book is in two parts. Part

## INSTRUMENTS Flowmeter works in turbulence

FLOWMETER equipment which gives precise flow measurements of water, gas and air in pipes of up to 25mm (one inch) in diameter, has been developed by Paul Paddy, of London.

The "max" is fitted with a centre-guided float which provides exceptional stability and allows more accurate measurements to be taken even if a flow is turbulent.

Machined from a solid block of clear perspex for improved safety and reliability, it is considerably cheaper and more durable than glass models of similar size, resistant to corrosion and suitable for use in the most rigorous conditions without being damaged.

Primarily for use with clean, cold fluids, it can also be used to register the flow of many common gases and diluted acids and alkalis.

Paul Paddy, 18, Minerva Road, London, NW10 6HJ (01-958 3462).

## Code for marine instruments

INSTRUMENTATION and control systems must be considered as an integral part of marine systems, no less important than the machinery to be controlled and monitored. This comment is emphasised in the preface to the second edition of the British Ship Research Association's publication "Code of Procedure for Marine Instrumentation and Control Equipment".

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## PLANT & MACHINERY SALES

Description	Price	Telephone
1974 Ten Stand roll forming line by Hunter-Douglas, virtually unused. Capacity 200 mm x 2 mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	021-556 0508 Telex 336414
2 Stand Rolling Mill for flattening wire and rolling narrow strip. Complete with edging rolls and recabler.	P.O.A.	021-556 0508 Telex 336414
Rolling Mills 1) 12" x 12" 125 HP Farmer Norton two high. 2) 24" x 36" 300 HP Robertson two high. 3) 6" x 12" 14" — 180 HP Starke Marling two high.	P.O.A.	021-556 0508 Telex 336414
Modern Used Rolling Mills, wire rod and cold drawing plant—roll forming machines—slitting—flattening and cut-to-length—lines—cold saws—presses—guillotines, etc.	P.O.A.	021-556 0508 Telex 336414
1974 Hotchekoff 100 KW double vacuum annealing plant—useful charge area 625 mm dia x 2000 mm loading height—output 6000 lb per 24 hours.	P.O.A.	021-556 0508 Telex 336414
1971 Automatic 2500 Drawbench with bushing machine at Weilmann—effective pull 10 tons at 100 fpm and 20 tons at 50 fpm. Virtually unused.	P.O.A.	021-556 0508 Telex 336414
1974 Fully Automatic Cold Saw with batch control for cutting non-ferrous bar. Max. capacity 5" round and square.	P.O.A.	021-556 0508 Telex 336414
1971 Fully Automatic High Precision Circular Saw with batch control. Max. capacity 60 mm bar-70 mm profiles and tube.	P.O.A.	021-556 0508 Telex 336414
Caterpillar 746 Motor Grader, complete with new tyres.	£25,500	Telex 51187
Caterpillar 966C Wheel Loader, with 31 cu yd. bucket and new tyres.	£25,500	094-38-5511 Telex 51187
330 KVA Paoaman 12 RPH series 1 fitted with C bearings, electric start, radiator cooled running at 1000 rpm direct coupled to BTH alternator. 420-530 and mounted on common base-plate. Complete with control panel.	£4,300	01-946 5964
Paoaman 200 HP 6 RPH series 1 fitted with C bearings, electric start, radiator cooled at 1000 rpm.	£1,500	01-946 5964 Cambourne 715594
1973 Newall Cylindrical Grinder 12" dia x 36" centres Wheel 36" dia x 16" wide, equipped with adjustable Angle Head, Plunge and Copy Forming.	P.O.A.	Cambourne 715594
Complete Factory Plant—40 Machines, auto's, Centre Lathes, Saws, Drills, Grinder	P.O.A.	

## WANTED

Modern Used Rolling Mills, wire rod and cold drawing plant—roll forming machines—slitting—flattening and cut-to-length—lines—cold saws—presses—guillotines, etc.

PLANT AND MACHINERY SALES (WANTED) APPEARS EVERY MONDAY. FOR FURTHER INFORMATION RING MR. FRANCIS FRITHLEY. 01-248 8000, Ext. 456.

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## CONTRACTS AND TENDERS

### D. B. DENIZ NAKLIYATI T.A.S., TURKISH CARGO LINES

REQUEST FOR EXPRESSION OF INTEREST FOR  
PURCHASE OF ROLL-ON/ROLL-OFF SHIPS

The Government of Turkey and the Agricultural Bank of Turkey have respectively received a loan/credit and a loan in various currencies equivalent to US\$ 25 million and US\$ 53 million from the International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA) and IBRD respectively. It is intended that part of the proceeds of these loan/credit and loan will be applied to eligible payments under contract for which the IBRD and IDA in accordance with the terms and conditions of the loan/credit agreement and loan agreement have agreed to provide required vessels.

1. Turkish Cargo Lines is interested in purchasing two (2) Roll-on/Roll-off ships conforming to the general specifications given below. Since Turkish Cargo Lines is unable to finalise negotiations prior to 17 August 1976, it is asking expressions of interest to provide required vessels.

2. General Technical Specifications:  
(a) Type: RORO (for semi-trailers 40'—Approximately 65 units, and for containers 20' as per capacity).  
(b) Having highest notation of an international class society.  
(c) Rules and amendments 1968 and 1969.  
(d) IMO Regulations for resale/new building applications to be applied.  
(e) SOLAS 1960 with amendments 1968 and 1969.  
(f) ILLC 1966.  
(g) International Convention Against Pollution of Sea with an Oil Product.  
(h) 1954 with amendments 1960, 1971, 1973, 1975.  
(i) Radio Communication Convention, Geneva 1928.  
(j) International Convention for Prevention of Collision at Sea, 1960.  
(k) Suez Canal Regulations.  
(l) National Technical Specifications.  
(m) DWT (Summer Load Line): 2,500-2,500 Long Tons (For resale/new building 2,500-2,500 Long Tons and/or for second hand from 2,500 up to 5,000 Long Tons).  
(n) Main Engine: Diesel Engine, Medium Speed.  
(o) Service Speed at Full Load Condition: Minimum 18 knots at 90% MCR.  
(p) Delivery: Delivery: First half of 1977.  
(q) Delivery: Delivery: Second half of 1977.  
(r) Cargo Handling Systems: Stern Port/Ramp, Elevator or Ramp to Upper and Lower Decks.

3. General Descriptions:  
(a) All expressions of interest are to be received not later than 24.00 hours on 18 July 1976 at the address indicated in sub paragraph (b).  
(b) After technical and financial review of all vessel offers, selected offers having suitable tonnage will be requested during first week of August 1976, to consider the possibilities of minor modifications to the vessel. It is expected that the final negotiations will be completed not later than 17 August 1976. Therefore, all offers must be firm until 28 August 1976.  
(c) All expressions of interest to give specification of vessels, general arrangement plans, firm price and delivery dates/terms.  
(d) Final price will be confirmed in accordance with the following payment terms:  
i. For used vessels:  
—10% payment of the contract price upon approval by IBRD and IDA.  
—90% payment of the contract price on the delivery of the vessel.  
ii. For new vessels:  
—25% payment of the contract price upon approval by IBRD and IDA.  
—25% payment of the contract price at laying of keel.  
—25% payment of the contract price after completion of the vessel.  
—25% payment of the contract price on the delivery of the vessel.  
(e) All price and payment terms will be submitted in a separate envelope and be so marked on the outside.  
(f) Turkish Cargo Lines reserves the right to accept or reject any or all offers.  
(g) Turkish Cargo Lines will not be obligated for the payment of any commissions, fees or expenses incurred in responding to this request or for the realisation of the purchase of the vessels.  
(h) All offers will be written and addressed as follows:  
For the offer of the brokers to be considered acceptable, their offers must be supplemented with a certificate of authority stating that they are authorised to give offers in the name of the shipbroker or the owner.  
All offers will be written and addressed as follows:  
Turkish Cargo Lines  
Mileci  
Halepasa Cad.95-96-97  
ISTANBUL  
Turkey  
Telex No: 22392 Z door 2  
22392 Z door 2

NOTE: All offers not received will be not notified during first week of August 1976. Amendments to offers will be accepted up to 10 August 1976. But no vessel substitutions will be permitted.  
It is expected that responses/ offers will be evaluated by 10 August 1976 and owners to negotiate. Further evaluations and preliminary negotiations will commence at that time.

Subject: RORO Tenders.  
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### BRIDLINGTON BAY NORTH HUMBERSIDE PROPOSED SAILING MARINA AT WILSTHORPE 1 1/2 MILES SOUTH OF BRIDLINGTON HARBOUR

### HUMBERSIDE COUNTY COUNCIL

Invite tenders for a Building Agreement and lease of 165 acres of land with frontage of 3750 ft. to the seashore, and sub-lease of part of foreshore and sea bed for development as a Holiday Village and Sailing Marina.

TENDER DOCUMENTS from:  
County Estates & Valuation Officer,  
Humberside County Council,  
Manor Road,  
BEVERLEY,  
North Humberside.

PRESELECTION FOR THE  
CONSTRUCTION OF 18 TRAWLERS

The Société Marocaine des Produits de la Mer, "SOMAMER", Casablanca, affiliated company of the Office National des Pêches, has the intention to consult shipyards with regard to the realisation of a building programme of 18 trawlers with the following main characteristics:

Length O.A. .... About 33.00m  
Breadth Moulded .... About 8.20m  
Gross Tons .... About 220 grt  
Hold for Deep Freeze Fish .... About 73m<sup>3</sup> at -20 degrees C  
Hold for Wet Fish .... About 52m<sup>3</sup> at 0 degrees C  
Cruising Range .... About 24 days  
Crew .... 14 Men  
Main Engine .... About 900 hp  
Auxiliary Engine .... About 117 hp  
Hydraulic Trawl Winches, Echo Sounder, etc.

The programme is to be carried out in series of four to six units. The aim of this consultation is a tender on the basis of a preliminary technical study elaborated by Maierform S.A., Geneva, Naval Architects and Marine Engineers. Yards interested in this programme are requested to write to:

SOMAMER  
13/15 Rue Chevalier Bayard  
Casablanca (Morocco)

by registered mail, arriving latest June 30, 1976, with full technical and financial references.

by registered mail, arriving latest June 30, 1976, with full technical and financial references.

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## COPPER

The Financial Times proposes to publish a report on Copper. The provisional date and editorial synopsis are set out below.

Wednesday, July 14, 1976



## A trade union tower

near to his home, he requested a lift. I agreed but stipulated that he must leave at my convenience which was somewhat earlier than rules I believe existed. This agitated him; but I was his only hope, so we set off at 5.20 p.m. into a snowy dusk.

Some 20 minutes later the man began toidget and wipe his brow despite the cold.

Soon afterwards the poor man performed a gastric ulcer and I visited him in hospital. He was in great pain yet managed to do something I had never seen before: he smiled. I have always thought how sad it was that the pain made him happy because it enabled him, for a little while, to shelter from well-paid slavery and a soulless cold.

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...the Government...  
...how the work is done...  
...y: early...  
...blems...

# FINANCIAL TIMES SURVEY

Monday, June 28, 1976

## Egypt

In pursuing a Middle East settlement Egypt must take into account the wider Arab world. But its economic problems make peace necessary. In its attempt to recover by 1980, austerity at home, as well as aid from abroad, will be required.

### A hard road ahead

Richard Johns  
Deputy Editor

RECENT months the jet in the Nile River opposite the new hotel has been a sight to see. It is a sight which would not have been possible a few years ago. The President Nasser had vowed to reactivate every inch of Egyptian territory occupied in 1967 had recovered. Its occasional appearance should be seen as a symbol of President Nasser's optimism. But the conviction—so necessary politically for his no—that the October War 73 did constitute a decisive victory which has enabled it to embark upon a course of economic recovery and realisation.

Egypt has regained a physical presence in Sinai and the Golan Heights. The strategic mountain passes have been pulled back. As a result of the first engagement with Israel back

in January, 1974, the Suez Canal has been open for a year now and the traffic through it increases by the month, providing Egypt with much needed hard currency. As a result of the second, last September, Egypt has enjoyed again the revenue from the Abu Rudeis oilfields. The reconstruction of the devastated towns along the waterway and the infrastructure of the zone proceeds apace—perhaps the brightest aspect of the country's spectacular development performance.

The progress achieved, however, cannot disguise the fact that Egypt has not resolved its basic predicament. Both the country and President Sadat must look to a peaceful settlement because Egypt cannot contemplate the cost of a military solution to the conflict or the burden of military expenditure which it has carried since 1967 and which has almost fatally retarded its development. Yet at the same time Egypt must take full account of the pan-Arab imperative of recovering all the occupied territories and, even more problematically, achieving the fulfilment of the Palestinian right to self-determination.

President Sadat committed himself, of course, not to reach a separate peace settlement with Israel. Equally important, Egypt is desperately beholden to the oil-rich paymasters of the Gulf merely to keep its head above water economically over the next five years. For their own reasons of realism and self-interest they will be anxious to ensure that Cairo does not default on its wider political

obligations, which no Egyptian leader, probably, could renounce and still retain power. The room for manoeuvre is narrow and difficult for President Sadat to tread.

Now, certainly, Egypt's predicament is more uneasy and uncomfortable than it was a year ago. The Sinai pact gave the country only some 720 square miles, a tiny fraction of the peninsula. More seriously, it left Egypt more isolated than perhaps ever before; the deal was bound to be attacked by Syria, the Palestinians and Jordan, the other parties to the conflict which had not been consulted about the negotiations leading to the agreement.

Predictably Syria, Iraq and Algeria—the "Rejection Front"—assailed the pact with varying degrees of intensity. Saudi Arabia and Kuwait were not unsympathetic to President Sadat, appreciating his need for more progress towards a settlement, but could hardly applaud an accord which so gravely offended the "front-line" States and the Palestinians and which was regarded by others too as a breach of the Rabat Arab summit decisions.

### Difficulties

The future had no political repercussions at home, but it did highlight the difficulties for President Sadat in balancing MGC 21s, was spelt out in his speech of March 14 in which he announced the termination of the wider responsibility which the 15-year Treaty of Friendship and Co-operation, signed by him in May 1971.

Egypt rejected Israeli offers of a separate peace agreement and did not submit to the demand for a formal end to the state of belligerency. It could argue that the agreement of September 1973 was purely a military one of a kind not ruled out by the collective decisions of the Rabat summit. Nevertheless, consent to the passage of Israeli cargoes through the Suez Canal, the reconstruction of the towns along the waterway, and the attempt to involve foreign capital in projects within the "Free Zones" show an unstated, though very evident, intent that Egypt will not go to war again with Israel. The partial demobilisation of the armed forces would suggest the same.

In practice, the second Sinai pact has insulated Egypt from the conflict—a fact deplored by critics of President Sadat not only in the Arab world but also in the country itself. The latter are those who would question his decisive turn towards the West and deterioration in relations with the Soviet Union. The switch in direction deprived Egypt of the supply of foreign weapons without which it could not confidently contemplate a resumption of hostilities anyway.

President Sadat's frustration over this score, and specifically over the Russian refusal to allow him to supply spare parts for MIG 21s, was spelt out in his speech of March 14 in which he announced the termination of the wider responsibility which the 15-year Treaty of Friendship and Co-operation, signed by him in May 1971.

Even before the expulsion of

Soviet advisers from Egypt in July, 1972, the Kremlin leadership was distrustful of him and may well, as he alleged, have tried to unseat him from power in 1971. After the latest rebuff it would presumably want a very decent spell to elapse before strengthening Egypt's arsenal again as long as President Sadat is in power.

### Deluge

In the meantime only in Israeli minds could the commitment to supply Hercules transport aircraft be seen as presaging a deluge of U.S. arms into Egypt. With grant aid ordered by the Rabat summit Egypt has contracted to buy a few squadrons of advanced Mirage F1 fighter-bombers and may obtain other hardware in this way. Sophisticated equipment ordered by the oil producers may be available or destined for Egypt. From a variety of sources Egypt could manage to obtain spare parts for Soviet aircraft and tanks.

Yet, by the admission of the late Field Marshal Ahmed Ismail in 1973, it would take many years to change to Western weapons systems. As it was, the President's assertion in his March 14 speech that in a year and a half "weapons in my possession would be rendered scrap" was ill-received by the officer corps and prompted his subsequent hectic tour of military bases to reassure the military.

The question remains how Egypt would react to an outbreak of hostilities on the Arab "Eastern Front" and—if Pres-

ident Sadat held back—what would be the repercussions. He has said that Egypt could not be held responsible for the consequences of a conflict initiated by Syria but would rally to its side if Israel were the aggressor. The issue would not necessarily be so clear cut.

In the meantime, stung by the abuse hurled at him by the Damascus media, President Sadat has been happy to witness Syria's discomfiture in Lebanon and political isolation because of the need to "Arabise" the mediation partially may be of some consolation to President Sadat for the fact that Egypt has been left almost powerless on the sidelines in a manner which would have seemed inconceivable in the Nasser era.

In a kaleidoscopic shake-up typical of the Arab world, President Assad's alienation of the Palestinians led to an Egyptian rapprochement with them. It has been an ironic change in the picture considering Syria's more forthright support in the past for Palestinian claims. If and when the Geneva Conference reconvenes, those are likely to pose a more difficult problem for Cairo than Damascus.

Egypt has put a heavy trust in the ability of the U.S. to deliver a Middle East settlement and President Sadat's conviction that only it can do so may seem unassailable in logic. Yet the turning away from the Soviet Union towards the West and the policy of military disengagement have their opponents in the country. Some who would describe

themselves as "Nasserites" would deplore the manner in which Egypt has become detached from the conflict. The label is a difficult one to define but is as much to do with nostalgia for the late leader and his "heroic mission" as anything else.

For different reasons the Communists on the Left and the Muslim Brothers on the Right would deplore the move towards détente. The biggest unknown quantity, meanwhile, remains the armed forces, for two decades an unpolitical body but now more than ever probably, a factor of which the regime must take full account.

No politically conscious Egyptian has lost the fully plausible belief that his country remains the natural leader of the Arab world. However, not since the revolution of 1952 has this ancient nation been so inward-looking and pre-occupied with its own internal problems, which are basically economic and largely the heritage of the long confrontation with Israel. Weary of the long struggle and sacrifices it has imposed on them, most people are more deeply concerned than ever with the improvement of living standards and the economic recovery of the country. Here lies the biggest challenge facing President Sadat.

On the domestic front he has pursued a fairly bold, honest and enlightened policy of political liberalisation. It has been appreciated by the middle classes. Egypt is a far more pleasant place in which to live—the cost of living apart—than before President Sadat's

"Corrective Revolution" of 1971. The accompanying economic liberalisation has been a step in the right direction away from the oppressive, dirigiste Nasserite Socialism. But it has yet to pay any dividends and, in particular, has failed to result in productive foreign investment. So far the effect of the measures may even be regarded as negative.

Bringing about economic recovery and sustained development is the biggest challenge facing the regime. The October war saved Egypt from virtual bankruptcy by bringing forth substantial aid from the Arab oil producers. Egypt is now more dependent than ever on its continuation following a two-year period during which its balance of payments has deteriorated gravely.

Future generosity has been made dependent on a stabilisation programme that will mean a painful degree of austerity if it is to succeed. The theory is that the already tightly squeezed middle classes will be affected most but it is difficult to see the "masses" not feeling its pinch too.

The danger is that the liberalisation policy might be discredited before it has had a chance to succeed. The opposition to the regime, which also focuses on its internal policies, might be only too happy to see and exploit discontent such as was demonstrated in the January, 1975, riots in protest against the cost of living. On the domestic as well as the pan-Arab front President Sadat has little room for manoeuvre and must tread with delicacy.

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## EGYPT II

## The external deficit

BY MOST objective criteria Egypt's economic plight is now as desperate as it was on the eve of the October War of 1973. Then, as President Sadat later revealed, the country was on the verge of bankruptcy—without a "single piastre" of hard currency, unable to pay its debts and uncertain about the availability of a "loaf of bread" in 1974. Egypt was, of course, saved by the flood of grant aid which flowed in from the Arab oil producers in the wake of the conflict.

By going to war with Israel it could be said that President Sadat had earned the money. Not only did the crossing of the Suez Canal salvage Arab pride, alter the regional balance of power and open the way to recovery of lost territory but it also created the conditions making possible the quintupling of oil prices in 1973-74 period. Egypt could also claim that it was owed such a debt, having shouldered the burden of the confrontation against Israel at an estimated cost of over \$40bn. in outlays and losses.

## Deficit

Having overcome the immediate crisis in the winter of 1973-74, Egypt last year saw its payments deficit on current account (before the receipt of grant aid) rise to nearly four times the 1973 level and its indebtedness more than double. The difference in the situation was the availability of substantial aid from surplus Arab countries and, to a lesser extent, the U.S. However, after donating the best part of \$3bn. until the end of 1975 and lending more than \$1bn. on concessionary terms, the oil producers have made it clear that there are limits to the amount of money which they are prepared to pour into what has come to look more and more like an insatiable sink.

When they met in Rabat in April, the Finance Ministers of Saudi Arabia, Kuwait, the United Arab Emirates and Qatar committed their Governments initially, at any rate, to providing over a five-year period only \$3bn. for the "consolidation fund," compared with the \$7bn. to \$11bn. originally sought by President Sadat.

Together with the \$750m. he obtained on his Gulf tour earlier in the year, an annual allocation from the fund of \$400m. would mean \$1.15bn. in budgetary and payments support for 1976—which will certainly not be enough.

On the face of it, there is a danger that the flow of this aid may be affected by developments in the region and pan-Arab politics, in particular reluctance or refusal by Egypt to confront Israel militarily in a way which the country cannot afford. More immediately, the surplus Arab producers have now demanded as a condition for their assistance that Egypt should start the long process of putting its house in order economically and work towards paying its own way.

Thus, the Government has embarked upon a stabilisation programme, drawn up in conjunction with the International Monetary Fund, which is bound to prove painful.

Back in 1974 the Egyptian Government was well aware of the critical challenge ahead and justified in exhorting the people to brace themselves for the "economic crossing." The hope was that, with self-sacrifice and effort, it could be made by the end of 1975, enabling the country to embark upon steady development and growth thereafter.

During the 1976-80 period there should be substantially increased investment with plenty of project aid in the pipeline (although precious little foreign investment in sight). Egypt will profit by greater earnings from oil production, dues from the Suez Canal, receipts from tourism and remittances from nationals working abroad. But discipline and austerity, involving fairly drastic cuts in consumption, will have to be the order of the day for at least another five years if the ground is to be laid for a lasting recovery and soundly-based growth in the future.

Egypt has paid a heavy cost, which it will take many years to defray, for the confrontation with Israel. Official estimates for GDP should be treated with some caution, but on the basis of them Egypt's military and

## BASIC STATISTICS

Area	386,900 sq. miles
Population	39m. (est.)
GNP (1975 est.)	£24.4bn.
Per capita	£1116-120
Trade (1975):	
Imports	£21.6bn.
Exports	£26.13m.
Imports from U.K.	£108m.
Exports to U.K.	£41m.
Currency: Egyptian £	
£1=£E0.7 (official rate)	
£1=£E1.2 (parallel market)	

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## BALANCE OF PAYMENTS

	1972	1973	1974	1975
Trade Balance	-205.5	-261.5	-703.6	-1,078.3
Exports (f.o.b.)	353.7	396.3	633.9	612.8
Imports (c.i.f.)	-559.2	-657.8	-1,337.7	-1,691.1
Services (net)	3.0	2.7	66.2	109.7
Receipts	124.1	166.4	277.6	423.5
Payments	-131.1	-163.7	-211.4	-313.8
Unrequited Transfers	128.2	288.0	508.9	421.3
Current Balance	-74.3	30.4	127.5	-547.3
Capital Transactions (net)	56.4	-31.9	-77.6	-153.3
Long-term loans, net	39.5	15.5	-66.3	139.3
Suppliers credit, net	19.2	-46.3	-4.5	-32.2
Others, net	-2.3	-1.3	-6.3	-109.8
Errors and Omissions (net)	-3.2	-3.9	-4.9	-9.6
Allocations of SDRs	9.4	—	—	—
Overall Balance	-16.3	-5.1	-200.8	-403.6

Egypt of importing this commodity in greater quantities than ever before shot up from £E53m. to £E232m.

Thanks to tourism and expatriates' remittances Egypt went into surplus on the service account. Yet even after the receipt of Arab grant aid including petroleum in kind worth £E493m. (£1,256m.) there was still a deficit on current account.

This coincided with a growing bulge in Egypt's debt servicing commitments which meant that the country was also in deficit on capital account. The overall deficit was only covered by resort to short-term (normally 180-days maturity) and expensive credit from the commercial banks. Utilisation of such finance rose during the year to £E245m.

Even though the cost of wheat imports slipped to £E213m., exports overall were up by 34 per cent. in value. Reflecting the industrial sector's activity, the

## EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES

	1969-70	1973	1974*	1975
Consumption	2,656.8	3,362.6	3,735.7	4,111.1
Personal	1,939.6	2,342.3	2,644.2	2,911.1
Government	717.0	1,020.3	1,091.5	1,200.0
Gross investment	416.1	592.0	730.2	1,199.1
Gross fixed investment	350.3	463.0	640.2	1,121.1
Changes in stocks	65.8	40.0	90.0	78.0
Net exports of goods and services	-166.0	-275.1	-627.3	-1,078.3
Exports	425.5	467.9	795.1	612.8
Less: Imports	-591.5	-743.0	-1,422.4	-1,691.1
Net factor income	-44.5	-70.1	-164.8	-211.4
Statistical discrepancy	20.1	—	—	—
GNP at market prices	2,926.8	3,589.5	3,825.6	4,233.3

1. Year ending June 30. Calculation not wholly consistent with later calendar year series.  
2. Provisional Estimate.  
3. Preliminary Estimate.  
4. Gross investment including changes in stocks plus net export.  
5. Equal to GNP less consumption and statistical discrepancy.  
6. Mainly grants from Arab countries.  
Sources: Central Agency for Public Mobilisation and Statistics and Ministry of Planning.

## Lower

Grants from the Arab oil producers were at a lower level than in 1974 at £E386m., most short-term credit—carrying an interest rate of 14-18 per cent.—banks from a total of £E245m. at the end of 1974 to £E700m. at the end of 1975. In this way the structure of Egypt's debt was very much improved and in future should be further assisted by the rescheduling of debt which has taken place over the past year—with the Soviet Union the only major donor yet to have eased terms

capital account. But this still left a deficit of £E547m. The country's liquidity was saved by deposits of foreign exchange totalling £E151m. placed as part of the servicing and running down the debt increased from £E151m. to £E271m. (£6,944m.) at the end of September last year.

That, of course, was a year when the military debt was reported to be as high as £E22.5bn. (£8,944m.). The arrangement for its servicing was a security for the trade account with the Soviet Union. However, a long duration of the credit, low rates of interest, the heavy debt known to be aggravating the balance of payments and the economy's need.

Richard John

## Ambitious plans for development

THE PEOPLE really feel that the country is in trouble and we have to face up to the situation—it can't go on for ever," says Dr. Zaki Shafer, the Minister of Economics. Probably most Egyptians are not fully aware of the extent of the austerity in prospect if the Government really does succeed in curbing deficit financing and reducing the payments deficit. Dr. Shafer is certainly committed to the implementation of the programme which has the blessing of President Sadat and Dr. Mamoud Salem, the Prime Minister.

Other Ministers and former Ministers are said to be less than happy with the risks involved in exposing the hitherto highly protected centrally planned Egyptian economy, with its elaborate and complex structure of prices and wages, to the winds of economic reality. But if such a programme is a necessary condition of life-saving Arab aid they have little choice but to persevere with it whatever the dislocations that may occur.

## Spiral

Another twist to the inflationary spiral will be an inevitable consequence. No one in responsible circles is prepared to say precisely what the effect on prices will be except that it will not be negligible. For the country as a whole it is difficult to make calculations about inflation and the cost-of-living, anyway, because of the "two nations" into which Egypt, like most developing countries, is divided. As Dr. Abdel-Razak Abdel Meguid, Deputy Minister of Planning, puts it, "We are a dual economy even if we are afraid to face the fact."

On the one hand, there are those living at or close to the subsistence level provided for by a minimum wage of £E12 a month or toiling as labourers on the land—with the low standard of living indicated by an average per capita income in the country of only \$230 and little in the way of expectations. They have been largely protected from inflation by the subsidisation of basic foodstuffs and will continue to be cushioned in this way. For the "masses" last year's cost-of-living increment of 15 per cent. and this year's of 10-12 per cent. should be sufficient to cushion them from the effects of the programme.

On the other hand, there are the middle classes who do have expectations that have been raised by the liberalisation policy. Already they have been severely squeezed by inflation over the past three years to a degree far greater than the

official indexes based on the 1965-66 household budget—a fairly meagre basket of mainly price-controlled commodities—would suggest. In the three years to the end of 1975 the consumer price index showed a rise of 30 per cent. and the whole sale price index one of 31 per cent. For the average middle-class family living in Cairo and Alexandria, however, it is reckoned that the rate of annual increase has been at least 35 per cent. and is probably now running as high as 40-50 per cent.

In a country where the after-tax salary of £E100 per month is a good one in the upper bracket of public sector employment the inflationary pressure has been very great. If they do not own their own homes most Egyptian middle-class families, at least, have security of tenure in rent-controlled, unfurnished apartments. If they do not, then their position is indeed dire. The demand for accommodation from expatriate Arabs and, to a very much lesser extent, Western businessmen has more or less quadrupled rents in the capital over the past three years—pushing them far beyond the reach of any salaried Egyptian.

It has also enriched a privileged minority—the so-called "fat cats"—whose conspicuous wealth is politically and socially invidious. For the young graduate on his guaranteed starting salary of £E25 to £E30 per month the prospects are very bleak. He would have to mortgage his earnings for 10 years to make a down payment on a less than average apartment at current prices, according to one leading economic columnist who described the accommodation situation as a "time bomb."

Only time can tell just how the public stomachs the medicine or, indeed, how effective the reforms will be in adjusting the trade imbalance. This year the curbs on imports and stimulus to exports are likely to have only a limited effect, but the prospects are for a significantly reduced deficit. On the trade account there will be a positive and substantial contribution from oil, as well as an increase in sales of industrial goods. A good wheat crop and a consignment of 1m. tons of PL480 grain under the U.S. aid programme as well as commodity aid under the \$1bn. aid package, should offset disappointing sales from the 1975-76 cotton crop. In addition there is the prospect of £E300m. (£500m.) in revenue from the Suez Canal. The indications are that the payments deficit could be cut from the record level of nearly £E1bn. last year to £E700m. or so, a significant step in the right direction.

Yet the country's liquidity crisis remains more serious now than it was a year ago when a major international rescue effort was mounted to keep Egypt afloat. On the credit side there is the \$750m. obtained by President Sadat during his tour of the Gulf in February 1975 and the \$400m. so far pledged by the four surplus Arab oil producers. The rescheduling of the greater part of the long-term debt, expansion of suppliers' credit facilities and disbursements of committed project aid should mean that Egypt will have a healthy net inflow on capital account.

## Behind

The difficulties facing the Government can be seen from the fact that by the middle of May it was three to four months behind with its suppliers' credit obligations and up to two months in arrears on its bank-to-bank facilities. To survive this year Egypt will need more cash aid than it has received so far. So far, Saudi Arabia, Kuwait, the United Arab Emirates and Qatar have only been prepared to pledge \$2bn. to the five-year "Consolidation Fund," or \$400m. annually compared with President Sadat's request for \$7-11bn.

The Egyptian Government is clearly optimistic that they may be prepared to increase that commitment. Their willingness may depend on the implementation of the stabilisation programme. As yet, however, it has not even been decided how the fund—which is to be based in Riyadh—will be administered. But it is certain that Egypt will depend on the oil states' compassion, generosity and patience if it is to reach a measure of self-sufficiency by 1980.

Doubts about the inflow of concessionary funds required to launch Egypt on the tide towards self-sufficiency will persist. There are at least good reasons to believe that Egypt will have drastically reduced its dependence on donors by 1980 when it is hoped utilisation of bank-to-bank facilities will be down to £E300m., the debt servicing burden will be reduced to £E190m. and payments will be in something like equilibrium. By then the oil sector should be earning \$2.5bn. annually if the production target of 1m. barrels a day, (20m. tons a year) is reached.

There should be an expansion of industrial exports, although here the performance will be conditioned by the availability of foreign exchange. Bank of Egypt, the U.S. West Germany needed for inputs of raw and intermediate goods sector the "open door" has

and components. From the Suez-Mediterranean pipeline there should be an income of year of \$50m. or so. With the construction of new facilities already under way, earnings from tourism will continue to increase. So, too, will the remittances of the Egyptian workers abroad whose emigration is almost encouraged by that reason.

In spite of over-population and widespread under-employment emigration may prove to be a mixed blessing. Depressed by the drabness of life and in the hope of a better life, many Egyptians are leaving the country in search of a living in the richer countries tend to be those of more initiative and better qualifications. The exodus over 1m. wage-earners has led to manpower shortages from doctors, engineers, and teachers to skilled and semi-skilled workers. To meet the needs of his vast programme, Mr. Osman Ahmed Osman, Minister of Reconstruction, had to institute a crash programme for training technicians involving the establishment of no less than 77 centres by the end of 1977. The drain on expertise and skills is perhaps one constraint to Egypt's development plans which have not been fully taken account.

As a result of the economic stabilisation programme a draft 1976-80 Five-Year Plan will have to be revised. The system of planning has to be adapted to the system of economic management. The latter is being changed and there are also uncertainties about foreign exchange availability. Quite apart from the question of hard currency, however, domestic resources under a regime of fiscal discipline would not be sufficient for the investment programme, an annual average of £E1.6bn. aimed at an increase in GDP from an estimated £E4.1bn. to £E6.7bn. (at constant prices). The problem is seen from the fact that in 1973 the national savings ratio as a proportion of GDP had been at almost zero—and even negative according to some independent calculations. In aggregate, Egypt has been almost wholly dependent on borrowing from abroad for investment. In practice, the bulk of the external financing has gone to pay for consumer goods and production inputs.

Although the planning targets are too ambitious to be fulfilled, Egypt will be able to utilise a large volume of project investment funds committed by the Arab and Western states. The World Bank, the U.S. West Germany needed for inputs of raw and intermediate goods sector the "open door" has

CONTINUED ON NEXT PAGE



# Prescription for austerity

PT NOW faces a very real five-year period as it sets at the task of restructuring the economy to attain something of an equilibrium in its final payments and to eliminate deficit financing at home at the same time provide for the basic needs of consumption, increasing investment and undertaking the reconstruction of the Canal Zone. That is the aim of the economic stabilisation programme worked out in conjunction with the International Monetary Fund which the government is now committed to implement.

The programme is a recognition of the fact that the Egyptian economy has been in a state of chronic disequilibrium since 1950. The reform programme, which was prescribed only by the IMF but, by, also by the Arab oil states whose aid has been kept Egyptian afloat. It remains to be seen whether they will be able to help it politically accept the outset the programme involve a move towards the curbing of the Egyptian economy through a "managed" On one level it is an extension of the liberalisation set in train by President Nasser three years ago. More

substantially the setting of a new commercial exchange rate for a part of Egypt's foreign transactions is a recognition of way in which maintenance of an absurdly unrealistic exchange rate has distorted the economy. In practice, the result policy will be to make the price of most goods very more expensive through using their value in Egyptian pounds and levying tariffs on imports at the commercial rate. At the same time, the Government has undertaken to reduce expenditure on subsidies and financing of the current account through borrowing. The programme, if it is adhered to, involve a considerable — painful — shift of resources from consumption. Since 1960 various attempts have been made to influence supply and demand for Egyptian currency through exchange rates. The biggest change came with the introduction of the parallel market

in September, 1973. In line with the declared objective of the "October Working Paper" issued earlier that year, the parallel market was set up to make more foreign exchange available — at a premium — to the private sector and thus help it play a more effective part in the country's economic recovery. At the same time, it was designed to attract the savings of Egyptians abroad by offering them pounds at an incentive rate.

## Rapidly

The "own-exchange" market developed rapidly and was responsible for £E54m-worth of imports last year. Under it consignments of goods under £E5,000 in value have not required clearance from the agency. With the knowledge of the authorities, the market has been used by businessmen who have purchased foreign currency from citizens and foreigners needing Egyptian pounds at the black-market rate and then used it to import luxury goods in packages of £E5,000 or less. In official circles the device is defended on the grounds that it has eased the supply of industrial goods. In general, however, the parallel exchange market has been a significant factor in raising Egypt's exports to an excessive extent.

The starting point for the economic stabilisation programme will be the setting of a new commercial rate for the Egyptian pound. At the outset this will probably approximate to the current parallel market rate. The intention is that the commercial rate will merge with and subsume the present black market rate of around 75 piastres to the dollar — or 80-90 piastres in the case of illegally acquired funds sold to the banks, which are allowed to purchase them legally. The result should be a unitary rate at a more realistic level. But Dr. Zaki Shafiel, Minister of Economics, indicated that it would be allowed to rise to 70 piastres to the dollar.

Transactions at the official rate will continue for exports of cotton, rice, petroleum and its products and for imports of 18 essential commodities such as wheat, maize, sugar, edible oils, tea and meat. In its economic purism the IMF would probably have wanted to see a wholesale devaluation. It accepted that

all responsibility for the managing of the float and is to be assisted by two experts, one from the IMF and the other from Denmark. But, in the belief that the operation will require almost 24-hour supervision and constant manipulation, some qualified observers in Cairo wonder whether Egypt has the skilled personnel to conduct it properly.

On the budgetary side the Government is still very heavily weighed down by the burden of military spending that this year will consume as much as 25 per cent. of GDP. For 1976 the bill for defence is estimated at £E1.3bn, over half of which will be financed by the Emergency Fund. Established in 1965 and financed by Arab aid, it constitutes, in effect, an extra budget, the details of which remain strictly secret.

However, it is clear that military and related expenditure accounted for over 50 per cent. of the combined current budget and Emergency Fund expenditures as projected in the 1976 budget before the revisions. Despite the second Sinai disengagement agreement that appropriation will not be pared back as the Government sets about halving the budget deficit which had been put at £E1.29bn. in the estimates. The purpose is to bring down the amount of deficit financing to the point that actual revenue equates as closely as possible to total current spending.

## Customs

If the performance matches the intention, the Government should go some way to achieving the goal by raising extra revenue of some £E300m, mainly from higher customs receipts, and savings of up to £E200m, including a £E100m cut in the subsidy bill which had been set at £E440m. in the original budget. That would leave a domestic borrowing requirement of £E125m. The Government is confident that it has the resources to cover the balance of the deficit of some £E800m, as well as the foreign exchange needed for the current and investment budgets from external sources: commodity loans of £E261m, mainly from the U.S.; cash loans equivalent to £E39m. from Qatar, West Germany, and Abu Dhabi: \$675m. (£E364m.) in grants from the Arab oil producers and \$400m. plus from the consolidation fund. On the face of it this will mean drawing funds from the Emergency Fund.

## SUMMARY OF STATE FINANCE (£Em.)

	1973	1974	Pre-1975	1976
	Actual	Actual	Actual	Budget
Receipts	1,018	1,108	1,545	1,574
Central Government	694	780	1,069	1,071
Local Government	60	63	88	83
Public Economic Sector	264	335	388	420
(Transferred profits) <sup>1</sup>	(137)	(211)	(278)	(208)
(Investment financing) <sup>2</sup>	(127)	(124)	(117)	(91)
Current Expenditure	852	1,208	1,713	1,791
Central Government	714	779	889	755
Local Government	51	41	38	370
Public Authorities deficits <sup>3</sup>	185	402	86	112
Public Organisations				
Subsidies	23	15	8	—
Current Account Surplus or Deficit	65	89	-170	-292
Investment Expenditure <sup>4</sup>	451	565	757	679
Overall deficit (-)	-238	-654	-927	-971
External Borrowing (net)	51	11	316	165
Domestic Borrowing (net)	325	643	610	868
Emergency Fund <sup>5</sup>	399	507	775	413

- Before the recent revision.
- Transfers of Profits to Treasury.
- Profits ploughed back to investment.
- Deficits met by State subventions.
- Deficits met by State subventions.
- Includes subsidies of commodities.
- Mainly low-grade textiles.
- Consolidation of subsidy payments.
- Excludes reconstruction appropriation of £E243m. to be financed from Emergency Fund.
- Financed by Arab grants: Covers a significant part of the military budget.

Source: Ministry of Finance.

## Ambitious

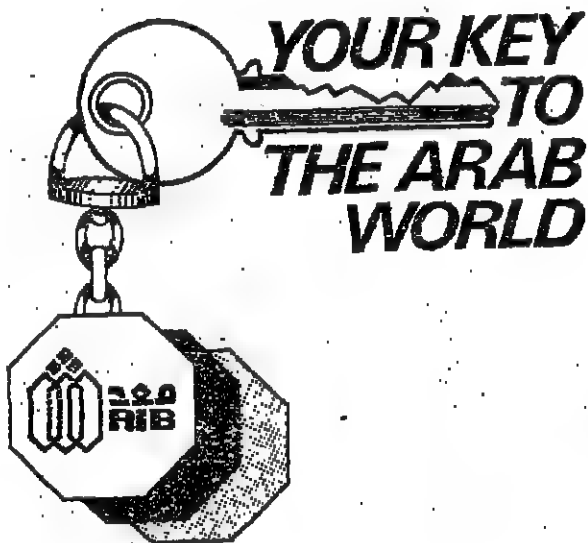
CONTINUED FROM PREVIOUS PAGE

far failed to attract foreign investment. Yet projects with a value of £E2bn. and a foreign currency component of over £E900m. are in the process of implementation. Many are carry-over from the past, but at least it seems that Egypt may go a long way to achieving the £E2.8m. investment goal for industry.

Apart from the reconstruction programme, work will get started, with the assistance of Arab and World Bank aid, on such high priority infrastructure projects like expansion and modernisation of the Alexandria port facilities, Cairo's water and sewage system, improvement of domestic and external telecommunications, and the Cairo-Helwan road. Yet in their totality these schemes could be seen as only tiring with the problem of refurbishing Egypt's worn out infrastructure.

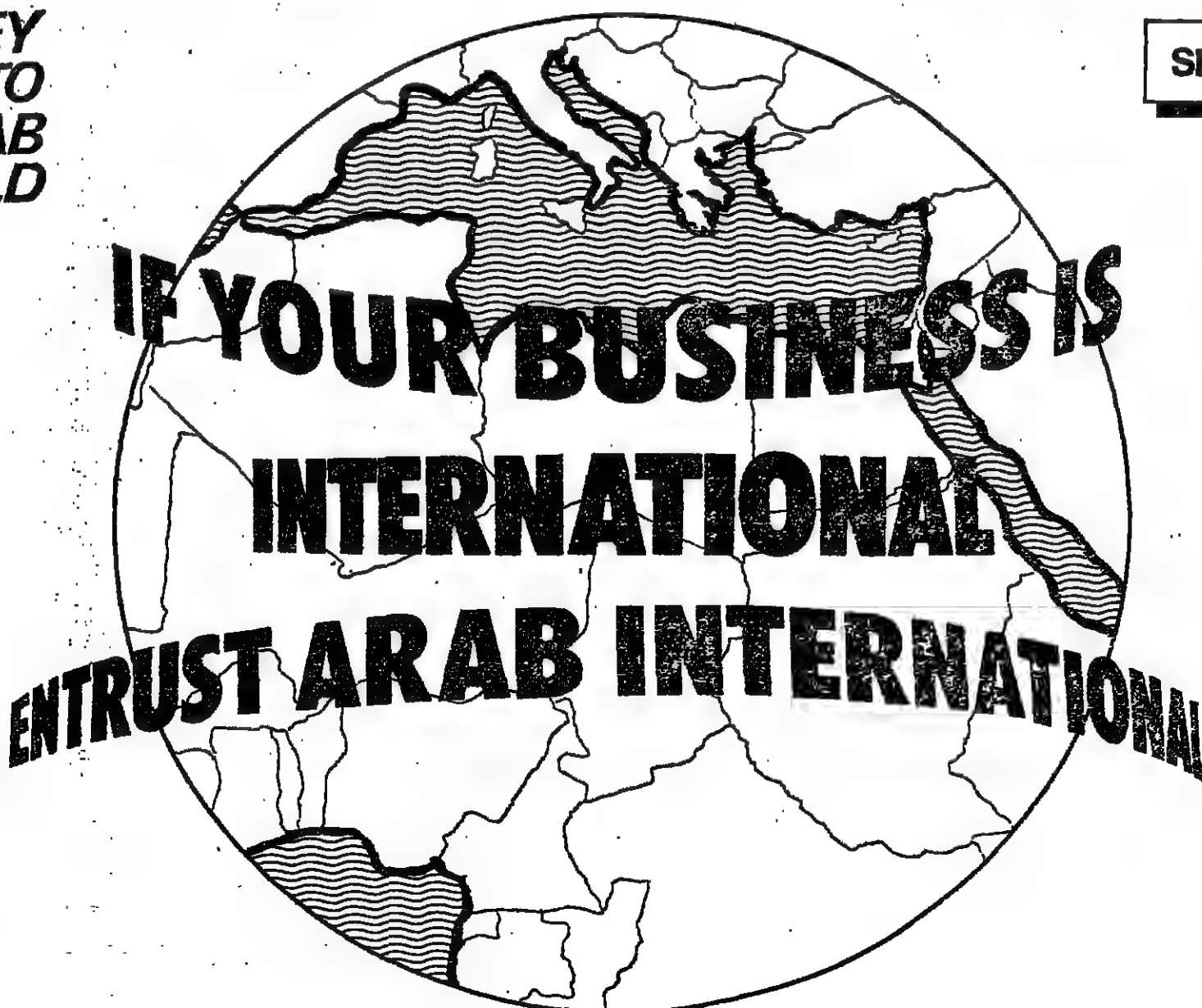
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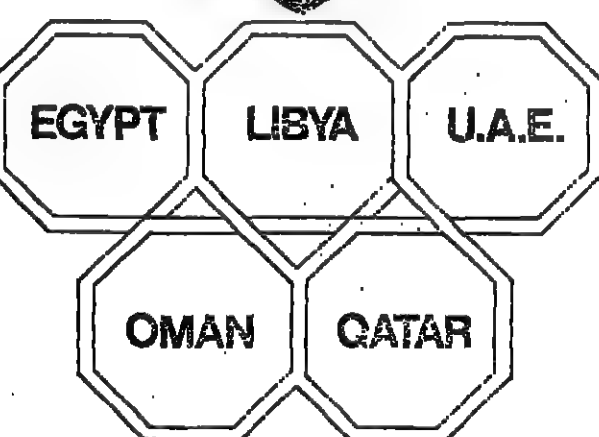


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	30/6/1974	30/6/1975	PROFITS
	£	£	
CAPITAL FULLY PAID UP	24,000,000	40,000,000	1975 £15 MILLION
RESERVES	3,722,886	23,500,000	1974 £5 MILLION
TOTAL ASSETS/LIABILITIES	121,729,265	273,235,855	



## EGYPT IV

## Sadat seeks wider political debate

BARELY TWO months ago President Sadat at last decided on a new formula designed to mobilise more effective popular participation in the process of government. He did so after a year and a half of consideration, consultation and officially inspired debate. His experiment should be viewed in its historical perspective — as the latest in a series aimed at devising a system whereby the "masses" might be more closely involved with and contribute to the Government's decisions.

It is taking place within the context of the Arab Socialist Union (ASU)—Egypt's sole legal political organisation since its creation in 1952. But the initiative has something of a novelty about it in so far as it involves setting up three distinct and competing groupings—known as "platforms" or "tribunes". It would be rash to predict how they may evolve. But it is anticipated that the groupings will make the forthcoming elections to the People's Assembly the most lively and interesting in the history of the country's legislature.

Intermittently since the Revolution of 1952, efforts have been made to devise better institutional means whereby the regime can keep in touch with the popular will and respond to it. For the most part, however, they have been a failure. Since its creation the ASU has been consistently dominated by the executive power and especially by the towering personality of President Nasser from 1956 to his death in 1970. While he theoretically understood the need for constructive criticism, in practice he was unable to tolerate it. In this respect, President Sadat has been far more flexible than his predecessor, however. Certainly, his latest experiment is a reflection of a genuine conviction that Egypt's sole political organisation and its parliament, the People's Assembly, should be more pluralistic if they are to contribute genuinely to the nation's development.

The demise of the old "bourgeois" parliamentary system was mourned only by the select and privileged people who benefited from it and ran it. Preoccupied with the imperatives of national solidarity and effective action, the original Revolutionary Council and then Nasser when he emerged as an unchallenged colossus would not contemplate a return to representative institutions which might make possible "the exploitation of one class by another." Yet the need for a mass political organisation to embrace the widest political consensus soon became apparent.

The search for a political

system began with the establishment of the Liberation Rally early in 1952. Although it enunciated the principle of agrarian reform, it contained little else by way of economic or social philosophy and even began to resemble the old Wafd party which had been active in pre-revolutionary politics. It was superseded by the National Union in 1956. In October, 1961, Nasser finally wrote it off, saying that it had been reduced by the infiltration of reactionary elements "to a mere organisational facade which animates neither the popular forces nor their veritable aspirations."

The description "organisational facade" could also have been applied to the ASU over the past decade, notwithstanding its large membership numbers—some 8m. people (not including women and youth), composed with a total labour force of 8m. The ASU has undergone several attempts to revitalise it, but as a structure remains very much the one evolved by Nasser in the 1962-1963 period. Its foundations are the base units in towns, villages, factories, workshops, public sector companies, private businesses and Government Ministries. In the ASU pyramid, the strata above are the district and governorate councils. Above them is the ASU Congress, a 280-member body made up of members of the governorate councils as well as representatives of various community groups. At the pinnacle is the directorate—since 1968 the Supreme Executive Committee—in theory elected by the Congress but in reality decided by the political command.

## Principle

From the beginning the principle was established that half at least of the members of all ASU organs should be peasants or workers—the former now defined as someone not owning more than 10 feddans and the latter as someone who works with his hands and is not a member of a professional syndicate. Creation of the ASU had been preceded in the same year by the promulgation of the National Charter in 1962, the basic philosophy of the Egyptian Revolution as it evolved in Nasser's mind over its first decade. It called for the putting into practice of "scientific socialism" but came out against Marxism with its rejection of "the dictatorship of one social class" by another. At the same time it asserted the principle that "political democracy cannot be separated from social democracy."

President Sadat has never called in doubt the validity of the National Charter since his



Above, left to right: Prime Minister Mamdouh Salem; leader of the Right Mustafa Kemal Mourad; leader of the Left Khaled Mohieddin.

"Corrective Revolution" of May, 1971. The ASU was very much bound up with the political challenge which he faced and overcame in that month. Six years earlier, to inject some life into the body, Nasser had ordered the formation of the secret revolutionary carders known as the Vanguard, subsequently condemned by President Sadat as a "power centre." This predominantly left-wing element sought in the spring of that year to establish that ultimate authority resided in the ASU—which it effectively controlled. This precipitated the struggle resulting in the dismissal of Vice-President Ali Sabri and the arrest of President Sadat's opponents, including five leading ministers and the ASU Secretary-General.

There followed the promulgation and approval by plebiscite of the new permanent constitution which laid down the principles of the sovereignty of law, respect for the judiciary and the establishment of the safeguards for the rights of citizens. The new People's Assembly was voted into power and soon started exercising more power than its predecessors. His reform of the ASU had had to wait longer. Having broken its development as an instrument of opposition to himself, President Sadat ordered the holding of new elections to it in 1972 and appointed Dr. Sayyed Marei, then Vice-President, to revamp it. It was not until August, 1974, that President Sadat announced the "platform" for developing the Socialist Union. In the subsequent debate there were calls from the Right for a multi-party or two-party system—from the Centre for a "multiplicity of trends," and from the Left for a "popular alliance."

President Sadat's starting point was that if the ASU was to be representative, there must be a multi-party system. The three platforms represent the Centre, the Left and the Right within the main stream of the ASU. Respectively, they have been named the Egyptian Arab Socialist, the National Progressive Union and the Social Democratic organisations. The theory is that members may advocate different policies but must share the same philosophy, said Mr. Rifaat al Mahroub, in an interview last month before he was replaced as ASU Secretary-General by Mr. Mustapha Khalil. This means

that they must accept as basic principles national alliance and unity, a socialist solution to Egypt's problems, and "social peace" between different classes.

## Competitors

By definition Marxism is excluded from the philosophy, although Mr. Mahroub acknowledges that those of such persuasion may be included on the Left platform. Similarly, a "capitalist solution" would not be permitted. The theory is that all three will be "competitors within one political system." He adds, "If successful they will be the beginnings of a multi-party system. The tribunes will begin this process but will not define it."

For the time being, however, a multi-party system would be ruled out. One of Mr. Mahroub's aides said, "First, we must preserve national unity until the Middle East problem is solved. Second, in the absence of political opposition for so long you can't expect political organisations just to emerge."

As yet little information is available on the numbers joining the three platforms. Nor is there much to distinguish be-

tween their announced programmes. Predictably the majority so far making a choice have joined the centre platform, whose rapporteur, or leader, is Mr. Mamdouh Salem, the Prime Minister, and whose secretary is Mr. Mahmoud Abu Waifa, the President's brother-in-law.

President Sadat has said it is only normal that he should lead the majority of the tribunes, but he has also said that he will ensure the smooth running of the country's affairs pending new elections. Clearly, both the intention and the assumption is that it should be the majority government party. As such it will be assumed to have the power of patronage. It has been joined by a significant part of the trade union and farming membership on a collective basis.

On the Right the "Social Democratic Union" appears to be a more disparate group of individuals under its rapporteur, Mr. Mustafa Kemal Mourad, a revolutionary, ex-army officer who for many years has been the head of the General Cotton Organisation, and a protagonist of parliamentarism. His programme writers, seen as a curb on calls for the State to concentrate on rebuilding the nation's infrastructure and development of heavy industry, leaving the rest to the private sector.

Inevitably it has attracted those who agree with the more liberal economic policies of the last few years and have benefited or hope to benefit from them. It is the natural place for those associated with the old prerevolutionary Wafd Party, the only one with any popular following then, to express itself and also conservative religious elements.

A more obvious base for an opposition would be the platform of the Left led by Mr. Khaled Mohieddin, one of the original Free Officers and a will be fought to a significant extent between the three platforms. The National Progressive Union puts the emphasis on a strengthening of the public sector, the development of heavy and strategic industries, a diminished role for the private co-operative and joint is there much to distinguish be-

the economy generally to central planning. The hope may have been to attract "above ground" "current" of consensus. Some believe that if the "Nasserites" were allowed to stand as a block under such a banner they would obtain up to 70 per cent of the vote.

The present parliament shows more healthy vigour than its predecessors. A useful safety valve, it has been less of a rubber-stamp and has witnessed some fairly outspoken criticism of individual ministers and, recently, attacks on the economic stabilisation programme. Some marginal legislation has been initiated by the floor of the House of Representatives. Amendments to other ministerially-sponsored legislation have been made—for the most part it is believed, with the inspiration or even the blessing of the highest authority. An exception would have been the recent Bill, which in month passed its second reading, by the vote of a minority, prohibiting the sale and consumption of alcohol by nationals. It is one sign of a general move within the Assembly to establish the rule of Islamic Law that would both liberals and those opposed by the Nasserite tradition.

However, in practice Bill welcome to President Sadat, not and their way to statute book, and the People's Assembly is an institution only limited importance in the nation's life at this stage. The same criterion, it probably be assumed that experiment with the ASU be carefully controlled to the top. If the supervision too tight, then the aim of having the regime and masses responsive touch would be frustrated. But given enough scope, the platforms could breathe life into the body politic and, indeed, become positive embarrassment with the guidelines that will give primacy to the national solidarity and the country's development.

## Relationship

The 1971 constitution does not make clear the relationship between the ASU and the People's Assembly. The party rule requires 50 per cent of members to be either peasants or workers applies to the legislature. But since 1971 candidates have been allowed to be independent, and they currently make up 46 per cent of the ASU. The expectation now is that the election in October will be fought to a significant extent between the three platforms. This could lead to some lively and even disturbing exchanges between Left and Right. The of heavy and strategic industries, a diminished role for the private co-operative and joint is there much to distinguish be-

## Oil points way to recovery

DEVELOPMENT OF the oil industry is one of the brightest aspects of the Egyptian economy, and one on which the Government is banking heavily to help the country achieve a real economic recovery by 1980. This year the oil sector will for the first time contribute positively and substantially to the credit side of the balance of payments. It will be the result of several developments.

Chief among these will be production from the Sinal oilfields which were finally recovered as part of the second disengagement agreement with Israel. Accounting for about one-fifth of current total output of about 335,000 barrels a day, equal to an annual rate of about 17m. tons, they have put Egypt decisively in the position of a net exporter. Over the full year the Oil Ministry forecasts total cumulative production reaching 18.4m. tonnes of crude compared with 11.7m. tonnes in 1975 and domestic consumption last year of 10.3m. tonnes of products.

Such a level may seem a long way from the target of 50m. tonnes or so by 1980, but the oil companies operating in Egypt, as well as the Government, believe that this objective could well be achieved. While expansion of output from some existing fields is certain, a number of new ones should be on stream in the next five years. More than 30 foreign companies are now searching for oil and gas on Egypt's territory and in its offshore waters.

## Regaining

Loss of the Sinal fields was a heavy blow to Egypt and the prospect of regaining income from them was a significant factor in Egypt's willingness to enter into the second disengagement pact. In 1967 the operation run by the Compagnie Orientale des Pétroles d'Egypte—the 50:50 joint enterprise of the Egyptian General Petroleum Corporation (EGPC) and the Italian State corporation ENI—had been producing at the rate of 90-100,000 b/d. Shortly after the hand-over the Israelis put the volume which they had pumped from the Sinal fields at 224m. barrels, which would imply a rate over the eight years of 75,000 barrels a day.

Subsequently, Dr. Izzedin al Hillal, the Egyptian Minister of Oil, calculated the volume at 400m. barrels valued at \$2.1bn., which Egypt has claimed as part of a final settlement with Israel, and estimated reserves at 300m. barrels. Earlier this year \$32m. was appropriated for the repair and maintenance of wells that the Israelis are believed to have pumped without much, if any, regard for their future life.

The officially stated aim is to restore production to 100,000 b/d that would give another 11 years life to the field. While some of the wells are being worked out, production has dropped to 65,000 b/d, but even at that rate the gross income over a full year would be in the order of \$230m. (with Belayim 28 degree crude currently priced at just over \$10).

After the June war of 1967 the Sinal field off-shore in the Gulf of Suez. Discovered in 1964 by Amoco (Standard Oil of Indiana), it was rapidly developed in partnership with EGPC. In retrospect, it seems clear that it was pumped far too hard for its reservoirs. In 1970 it peaked at 340,000 b/d but as a result of a dramatic decline in pressure slumped as low as 80,000 b/d in 1974. With the implementation of a water injection programme it has now recovered to a rate of 100,000 b/d. Output is scheduled to climb to 180,000 b/d by 1981 before falling to 50,000 b/d in the middle of the next decade.

More important than El Morgan in meeting the 1980 targets, however, will be the July and Ramadan fields, both of them discovered in the near vicinity of El Morgan fields and operated by GUPCO. Struck in the summer of 1973, the July field came on stream in the following spring, had achieved a rate of 60,000 b/d by the end of 1975 and may reach 100,000 b/d by the close of 1976. Conveniently close to both El Morgan and July, Ramadan required only limited investment to be brought into production and is already on stream. There are hopes that the rate may go as high as 150,000 b/d. However, not least because of the geographical peculiarities of this part of the Gulf of Suez bed, the potential of neither of these two fields has been fully assessed. Latest estimates are that July's reserves are 1.33bn. barrels and Ramadan's anything from 1.83bn. barrels to 4.23bn. barrels.

In the eastern desert along the Red Sea coast are a string of small fields including Bakir, Amir and Shukair which are operated wholly by EGPC itself and currently producing at the rate of about 30,000 b/d. In the Western Desert the flow is continuing at a modest level from the two smaller fields operated by the Fayoum Petroleum Company, another 50:50 joint venture between Amoco and EGPC. The Razzaq field there is currently running at the rate of 12,000 b/d and Abu Ghuradiq at about 5,000 b/d. Output at the latter is for the time being held back to save the associated gas, which is in the process of being harnessed. Another 13,000 b/d comes from the

declining El Alamein field operated by the Western Desert Petroleum Company, the 50:50 joint venture of EGPC on the one hand and Phillips Petroleum and Hispanoil on the other.

## Imports

Last year the 11.7m. tonnes production barely exceeded domestic consumption of 10.1m. tonnes. Crude oil imports totalled 3.6m. tonnes compared with exports of 4m., just over half by EGPC's foreign partners, which are also obliged to sell to the Government. All the Western Desert output went for processing in the Alexandria refinery which was also fed by imports, while the oil from the Gulf of Suez, and latterly Sinal, was exported.

This pattern developed because of the closure of the Suez Canal, but it is still continuing. Currently all the premium Morgan crude (priced at \$11.25 per barrel) and 90-95 per cent of the heavy, sulphurous Belayim oil (\$10.10) is exported for hard currency. But 40 per cent of the output from the small EGPC-operated fields is being used to balance trade accounts in non-convertible currencies.

Because of increased refining capacity Egypt was substantially in surplus for refined products last year with exports of nearly 1.7m. tonnes compared with imports of 455,000 tonnes (mostly butane, lube oil and jet fuel). Capacity is now at 12.7m. tonnes at the refineries at Alexandria, Suez, Mustard and Tanta. Expansion at Alexandria from 5.4m. tonnes to 7.3m. tonnes and at Suez from 1.8m. tonnes to 2.9m. tonnes should raise the total to 15.7m. tonnes by the end of the year, thereby increasing Egypt's surplus. In addition, a new refinery is planned for the end of the Samed pipeline to process Arabian Gulf crude, but as yet the commercial feasibility of the project, on which Fluor are doing a study, has not yet been confirmed.

Largely as a result of the recovery of the Sinal fields production of oil operations this year are projected as earning a surplus in foreign exchange of £442.4m. in 1975. Another factor has been the recent agreement whereby the relationship with Amoco has been converted to a product-sharing one of the kind which is now standard for new ventures. This should give the State an additional income of \$120m.

When the transactions of the foreign oil companies, including payments to the Government and purchases of local currency are taken into account, all oil

operations are forecast to give the country a net surplus of £178.7m. compared with £23.6m. in 1975, thus making a valuable positive contribution to the payments balance.

The formula, which is based on Indonesia's and has been used by Egypt since 1973 for attracting foreign investment in exploration, has succeeded handsomely. Under it the foreign partner undertakes the whole cost of prospecting, committing itself to spending a minimum sum over a period from 7 to 12 years, and also pays a signature bonus which in practice varies from \$125,000 to \$12m. Exploration costs are repayable if oil is discovered in what are judged to be commercial quantities.

At this point, a joint production company with EGPC is formed. Under the previously reached agreement the foreign partner is allowed to take a maximum of 30-50 per cent of production—usually 40 per cent—to cover recovery costs. If these are less than the maximum, the differences revert to EGPC. The balance of output is then shared in conformity with the original accord—usually on a 75:25 basis, although in one deal with Japanese interests the Government entitlement has been set as high as 87 per cent.

So far 34 separate production-sharing agreements have been concluded involving total signature bonuses worth \$77.2m. to the Government and cumulative expenditure obligations of \$656.8m. The most recent one signed with Conoco covers no less than 300,000 square kilometres in the south of the country with an initial exploration period of a year during which to identify the most promising area.

Conoco's signature bonus takes the form of an undertaking to drill a few water wells, which compares with the down-sum of \$12m. paid by Amoco for 1,350 square kilometres in the Red Sea coast area. Total exploration expenditure obligations have gone as high as the \$50m. paid by Esso in respect of 150,000 square kilometres in the Delta and \$48m. for 12,000 square kilometres along the Red Sea.

It is there that the most obvious potential lies and where several strikes have been made recently. Around the turn of the year, the GUPCO partnership found oil with two wells off-shore in the Gulf of Suez, one of which has been declared commercial. Deminor, too, has been successful with two wild-cats in a block near the Morgan and July fields, while Esso in April announced a strike in the northern part of the Red Sea off-shore of the town of Safage. Geologically these areas are difficult, with the various de-

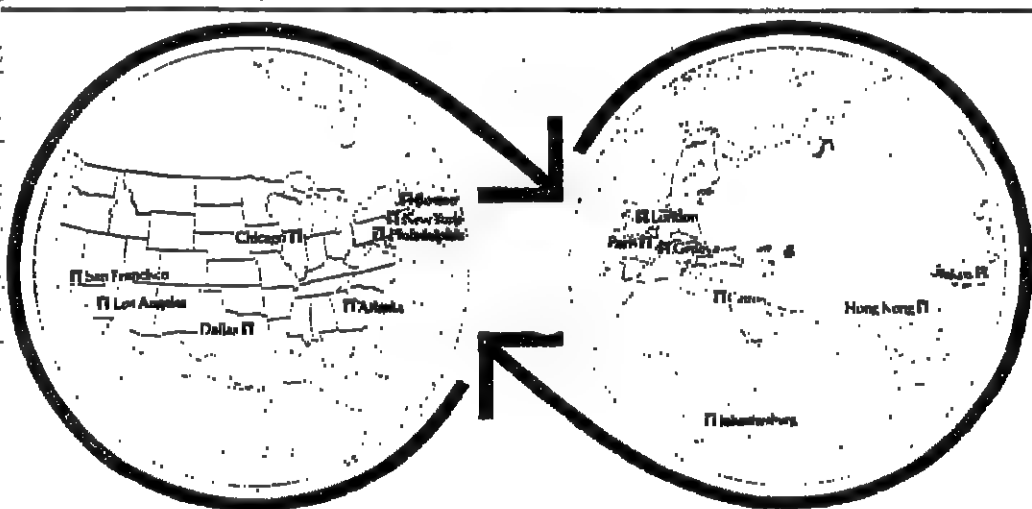
positively held in place by suitably necessary involving "bitumen" and making the difficult to measure. Even the optimism about the Gulf of Suez and the Red Sea seems well placed. There are hopes, meanwhile, that a kind of structures which enriched Libya stretch Egypt's Western Desert. Delta has already yielded what is being exploited by ENI's subsidiary called International Egyptian Company recently found gas containing good condensates.

Gas production is already to play an important role in Egypt's industrial development. The Abu Mahdi field in the Delta discovered by IEOC is already connected to Tanta where it is providing fuel for the power station and feedstock for the fertiliser plant. Two are currently absorbing some 1.6m. cubic metres a day of the 3m. cubic metres a day for which the production facilities are designed. The expansion of these plants and a textile plant at Mubadha Kubra to the north of Cairo to take the balance.

## Complete

In addition, with a potential of 3m. cubic metres a day, Abu Qir field being developed by EGPC should be complete together with its pipeline, in 15 months' time and ready to feed a fertiliser plant and its initial stages, a power plant in the Alexandria area. However, it is planned that the last should switch to oil when a projected sponge-iron plant being built by Japanese and Brazilian interests is complete. Later this year the association from Abu Ghuradiq should be feeding cement plants. It is intended that it should supply the Helwan steel through a 270 km. pipeline. Production of up to 1.5m. cubic metres a day is anticipated.

Exploration is proceeding apace. This year it is planned to drill no less than 41 exploratory wells, of which 21 will be off-shore and the rest on-shore. Egypt's policy of attracting foreign interest in its potential is certainly succeeding. Said the representative of one company prospecting the "The Government is so pathetic and encouraging, genuinely wants to solve problems rather than obstruct." The companies are expected to spend over \$200m. in search for oil in 1978. If Egypt fails to reach its target of a million barrels a day and export earnings of \$1.2bn. by 1980, will not be for lack of exploration on one's part.



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## The Economic Open-Door Policy

The economic open-door policy is the one which is being pursued by Egypt, and has been in the past.

Since the late sixties, some aspects of the economic open-door policy started to appear in many Third World and Socialist states. The policy evolved from the premise that economic isolation of any state is impossible, because of the interdependence of the economic welfare of all states throughout the world.

In pursuing the economic open-door policy Egypt is keen to make clear that her main objective in this policy is the maintenance of economic development in Egypt by using Arab and foreign capital and the latest technology.

The economic open-door policy therefore aims at the co-operation of Arab and foreign capital in order to participate with national capital in financing development plans and in filling the gap between the quantity of public savings and of the required investments for such development.

The open-door policy also aims, domestically, at encouraging the private sector to play an active role, side by side with the public sector, in increasing production.

The Law of the economic open-door policy:

Article No. 43 for the year 1974 defines the main principles regarding the range of Arab and foreign investments as well as the Free Zones, and shows the main objectives of this policy as follows:

#### —1. Financing projects:

The Law took into consideration the invitation of financial institutions to practise their activity in this field and

to afford the opportunity for the establishment of financial institutions in Egypt either by foreign or mixed capital and such companies took the following shapes:

- Investment companies: for the employment of sums (money) in the areas defined by the Law.
- Investment banks: insurance companies which carry on their dealings in free currency.
- Banks which carry out dealings in local currency.

These financial institutions aim at filling the existing finance gap and affording capital financing which helps to increase the project's capacity for production and widening its activities.

#### —2. Obtaining advanced technology:

Article No. 43 for the year 1974 stipulated that all instruments and equipment imported for carrying out investment projects should be in conformity with the latest models of technology. It is indisputable that the use of this technology will be an active element in the transition of Egyptian production from local to a wider scale of production which might have access to world markets.

#### —3. Enlarging the establishment of Free Zones:

These zones are considered to be centres of industrial, commercial and financial attraction. It also provides the Government with an income which supports the national economy.

#### —4. Increasing job opportunities:

The establishment of new projects or

enlargement of the existing ones will certainly provide new job opportunities. It will also provide training programmes for Egyptian workers.

#### —5. Regaining an even balance of payments:

The investment of Arab and foreign money with the Free Zones will definitely contribute to alleviating the burden of the Egyptian balance of payments for the following reasons:

- Using the Arab and foreign invested capital in importing the materials and instruments and other requirements necessary for production will relieve the country from the pressure of monetary balance.
- Exporting part of the products of such projects will contribute to increasing the country's free currency income which is needed to support its development.
- The possibility of limiting, or dispensing with, the importation of many of the commodities which the Government are obliged to import by free-currency.

#### —6. Guaranties for investments and investors:

By law No. 43 for the year 1974, many guaranties were granted to Arab and foreign investors to invest their money in Egypt, the most important of which are:

- Giving sufficient guaranties against all non-commercial risks.
- Offering the proper incentives to encourage investment.

c) To remove all administrative obstacles and procedures which the investor may encounter.

d) To provide a suitable climate for establishing monetary and financial centres in A.R.E. which meet the needs for such an activity in this Arab region and which affords the opportunity to employ the Arab's financial resources.

#### —7. Supporting and activating the investment of Arab and foreign capital aims:

To carry out all research and studies; to provide the necessary information for investment projects and investors; to remove all obstacles and restrictions that may face Arab and foreign capitals; to provide the services and necessary facilities for such projects and seek the assistance and advice of consultants.

#### —8. Planning for projects of the open-door policy:

This may be done by defining the different fields of investment and projects which can be carried out in different areas, and by determining the priority of each project and studying the individual economic aspects proposed by Arab and foreign investors.

#### —9. Removing all the obstacles that may face foreign and Arab investors:

Through taking the necessary financial, monetary and legislative measures to remove obstacles and various possible bottle necks. Through offering the necessary services for investors either in the field of exports and imports or in various funds' transfer.

## Industry

The industrial sector occupies an important place in the Egyptian economy, being one of the economic activities that generates the production of goods besides providing industrial products required by other sectors. Therefore the different industrial plans and programmes have always emphasised the importance of developing the industry quantitatively and qualitatively so that the entire sector may become orientated to exports, capable of competing in the international market and be based on the maximum use of local agricultural and mining raw materials as well as available energy resources.

Industry in Egypt has been a constant battle for the transition from an agricultural to industrial society. This showed quite clearly in the first industrial programme (1953-1960) when total investments in the industrial sector amounted to 330m. L.E. allocated for 502 industrial projects.

In the five year plan of 1965-1970 the investments allocated for the industrial sector amounted to 960m. L.E.

The national work programme for the years 1973-1982 aim at doubling the national income in the next ten years. This needs concentration on industry through increasing production at high regular rates.

Costs necessary for the implementation of this ten years' plan were estimated at about 8,400m. L.E. It is expected that for the first time in the history of the Egyptian economy the total industrial

income for the year 1977 which will amount to 1,008m. L.E. will exceed the total agricultural income estimated to be around 993m. L.E.

This means that the Egyptian economy will be temporarily transferred to an industrial-agricultural economy.

Performances of the industrial sector in the year 1975:

#### Industrial production

In the year 1975 industrial production developed a great deal. The total industrial production amounted to 2,270m. L.E. achieved by an increase of 371m. L.E. over the year 1974. The actual rate of this increase is 19.5%. All industrial sectors have participated in the achievement of the increase as follows:

Activities	The value of increase in net production for the year 1974-1975	Rate of increase %
Spinning and weaving	51	11
Food	67	14
Chemicals	54	34
Construction	41	29
Minerals	16	12
Construction Materials	18	30
Private sector	371	19.5

Increase in production is expected because of the vertical increase of the existing sectors of production and the horizontal enlargement of new projects and the start of production of new projects, the most important of which are: the fourth furnace in the iron and steel complex; the

third battery in Cook's Company; the new lines in the sugar company and in the Asyout and Sohag plant for spinning and weaving; the fertilizer plant at Telkha; the Aluminium complex.

#### Industrial investments for the year 1975

The cost of the investments that took place during the year 1975 amounted to about 191.8m. L.E. from the total investment allocated for the sector and amounting to 214.7m. L.E. at a rate of performance of 89%.

The investments that took place in the year 1975 were distributed as follows:

Type of investment	The cost in millions of L.E.
Investment in construction sector	4.9
Investments in renewal and replacement operations	62.6
Current investment and new projects	124.5
Total	192.0

#### The development of industrial imports:

The industrial sector achieved actual exports during the year 1975 amounting to 231m. L.E. compared with the target figure for the year of 184m. L.E. This indicates that the export target was achieved with an increase of 47m. L.E.

By its exports, industry has thus achieved resources that can indirectly support the balance of payment by 230m. L.E. apart from the industrial production achieved which substituted for some imports. This shows that the industrial sector achieved from its own potential the

foreign currency it needed for the import of commodities. It also acquired a surplus which supported the balance of payment by affording an alternative to what was exported.

#### The 1976 plan for the future of industry:

The industrial programmes and plans aim at achieving horizontal development side by side with the vertical development of production. The achievement of a balance between heavy industry, converter and consumer industries to meet the needs of local consumption and thus obtain a surplus of about 326.1m. L.E. for the mining and industrial sector; 33.2m. L.E. for the private sector and 227.4m. L.E. for the year 1975.

These investments were estimated in the light of the priorities in this plan and for the support of the development of industrial projects and projects for the co-operation of Arab and foreign capital under the auspices of the economic open-door policy.

We are aiming at increasing the industrial production during the year 1976 to about 3,600m. L.E. as against 3,320m. L.E. for the year 1975, a rate increase of about 8.4% at current prices.

It is estimated that an additional amount of 875m. L.E. will result from this production as against 805m. L.E. aimed at for the year 1975 or in other words by a rate increase of about 8.7%, based on current prices.

## Foreign Trade

The foreign trade sector achieved significant progress by virtue of the policy and plans which the government adopted and developed in order to face the changing economic circumstances prevailing in the world markets.

#### IMPORTS

In the year 1975 the monetary allocations for exporting commodities amounted to 1,598.1m. L.E. of which 1,243m. L.E. in free currency, including 457.7m. L.E. for consumer goods and 785.4m. L.E. for intermediary goods; and 355m. L.E. including agreements for the payment of imported consumer goods, 45.7m. L.E., and imports of intermediary goods for 309.2m. L.E.

Intermediary goods occupy the highest percentage in imports. It reached 34.4% in the year 1974. Raw materials follows with 32.1%, then come capital goods 13.5%, non-durable consumer goods 13.4%, durable consumer goods 4.2% and lastly fuel which occupies 2.4%.

Imports of all the necessary commodities have been permitted through the

parallel market in order to meet the needs of the state, with the exception of a few basic goods whose imports were confined to the public sector. Those basic goods do not exceed 37. Agreements concerning those facilities amounted to 302.4m. L.E. on 15 October 1975.

#### EXPORTS

Export targets achieved by the commercial plan of the year 1975, of which 684m. L.E. in free trade agreements were concluded, as against 593.289m. L.E. in the year 1974.

The exports of raw cotton present the highest percentage in exports, for it amounted to 47% in the year 1974. Semi-manufactured goods follow, with 23.5%, then comes the fully-manufactured goods 14.4%, and fuel 8.5% and lastly, raw materials 6.6%.

The necessary measures have been taken and necessary facilities have been granted to achieve the balance in the national market and to remedy existing bottle-necks and to propel the national economy on to a constant and valuable

development.

The competition of imported goods with locally produced goods will doubtless lead to the raising of the level of local production in order to stand firm in the face of world products and to allow free competition for both private and public sectors.

This will consequently lead to developing our exports and will remedy the deficit in the commercial balance and balance of payments.

All that will precipitate the formation of a suitable climate in which the economic open-door policy may prove fruitful.

The foreign trade plan for the year 1976: The total needs of the state for commodities (goods) for the year 1976 is estimated at 1,639m. L.E. of which 1,235m. L.E. in free currency and 304.4m. L.E. for countries with which trade agreements have been concluded.

The export targets for the year 1976 amount to 683m. L.E. some of which are exports to countries of free currency the value of which is 351.9m. L.E. and countries

with which trade agreements were concluded, 331.4m. L.E., distributed as follows for each sector:

- Industry Sector—323m. L.E.
- Petrol or Oil sector—205m. L.E.
- Other sectors—8m. L.E.
- Agriculture Sector—247m. L.E.

The plan of the year 1976, being the first year of the five year plan of 76/80, will try to rectify the balance of payments and endeavour to limit the existing deficit or decrease it by about 200m. L.E.

It is hoped to achieve that through increasing the total resources by 355m. L.E. more than the year 1975.

The sector of industry and petrol perform the main role in increasing the quantity of exported goods. The Suez Canal also participates in increasing the invisible receipts.

All this is done besides taking into consideration the provision of all necessary requirements and alimentary goods needed by the public and providing the resources needed for the requirements of the entire development plan and national security.



## EGYPT VI

## Banks make radical changes

**BANKERS** in Egypt last year said's free status at the start of the oil men from their of the year. The most radical moves to place as the most prolific givers of cocktail parties during the past 18 months, which have seen a quiet revolution in Egyptian banking. In that time 18 banks successfully pursued applications to open in various guises. Equally important domestic banking was transformed by Law 120 of 1975 which was aimed largely at bracing the system to face competition from the new entrants.

Local bankers have been watching closely as a bewildering array of joint venture banks, offshore branches, free zone branches, regional and representative offices have begun the long process of establishing. To prevent a foreign monopoly of foreign currency operations local banks began to operate foreign accounts in free zones with the formalising of Port

can prepare the computerisation of their pharaonic book-keeping system.

Removal of the years-old taboo on tinkering with interest rates means that commercial banks and the Central Bank can apply market principles to fix the rate. Commercial banks may now lend at economic cost to the borrower. Raised at first to 7 per cent, interest rates moved up to 8 per cent recently. Observers predict further upward movement if an expected domestic credit squeeze is applied.

## Flexibility

Interest flexibility gives the banks a tool to stimulate savings and squeeze hard on middle-class consumption. Some observers, however, question the efficacy of credit squeeze mea-

sures in an economy with a cash and barter base.

In efforts to stimulate competition the banking specialisation system was abolished last year. This means that the Big Four—National Bank (with foreign trade monopoly), Bank Misr (agriculture), Banque du Caire (construction) and Bank of Alexandria (industry)—can now compete for business in textiles, trade, agriculture and industry.

Egypt's banking system is gearing up to an expansion in the private sector of the economy. It will also deal with the rationalised public sector companies following the dismantling of the controlling general organisations. Company boards will have responsibility for profit and loss accounts and will be able to raise finance on a commercial basis. Commercial

banks can be expected to finance more and more private companies in industry and agro-industry in future.

Changes in the specialised banks are also in the offing. A Bill is being introduced to create a series of village branches of agricultural and co-operative banks for which a new style Agricultural Bank will play the role of central bank. The Industrial Bank, formally absorbed into the Bank of Alexandria, is expected to be revived.

## Conditions

While domestic banking is tasting the new condition, the more flexible monetary and credit climate, the foreign banking pack has yet to track down its quarry. One year of cocktails has done little to ease the worries of foreign bankers about how "slow" things are. Chase National Bank (Egypt), is generally agreed to be doing more business than the other joint ventures. But the function of many seems to have become a watching brief on Egyptian credits and bank-to-bank borrowing.

Entry into Egypt by foreign banks was allowed by Law 43 of June 1974. This limited commercial operations by them to joint ventures in which the Egyptian partners have a majority share. Three such partnerships are now in business, Chase National (51 per

cent, National Bank of Egypt and 49 per cent, Chase Manhattan), the Egyptian American Bank (51 per cent, Bank of Alexandria and 49 per cent, American Express Banking Corporation), and Misr International Bank (51 per cent, Bank Misr and 49 per cent, First National Bank of Chicago, Banco di Roma and UBAF). Cairo Barclays, a 50-50 partnership between Bank of Cairo and Barclays, at present is only allowed to deal in foreign currency but is seeking to establish a second joint venture which will allow it to undertake commercial operations in Egyptian pounds.

It has premises for a retail branch in Cairo which it hopes to open in October 1976 to handle foreign currency accounts. Plans for a new joint venture in local currency, however, depend on the uncertain situation with the Arab boycott, although these do not seem to have harmed merchant joint venture activities. If all goes well, Barclays new branch will have an agency for the Banque du Caire for local currency, pipeline in which a number of much as the National Bank operates a small branch within the premises of the National Bank of Abu Dhabi.

As far back as 1971 Egypt joined forces with the United Arab Emirates, Libya and Oman to establish the Arab International Bank to under-

with branches in Egypt under licences entitling them to deal in foreign exchange. In addition, Manufacturers Hanover Trust and the Bank of Nova Scotia are classified as "Free Zone" branches. They have so far failed to find a niche in the economy. The slowness of the development of the Free Zones is part of the explanation, but it is open to question exactly what they can do that other banks allowed to undertake foreign currency operations cannot.

## Foreign

The progress of the foreign banks has been slow and very much a matter of their feeling their way. So far probably over two-thirds of the business done by the three joint ventures which are permitted to do the full range of business has been in foreign currencies. Chase National is generally reckoned to have the biggest operation of the three. Having opened its doors in September, 1975 it already has a second branch in Zamalek Island and is planning to open a third in Port Said. A number of the new Cairo banks have participated in big loan packages, like a \$42m loan for Seaplane Ferries, which was Cairo Barclays' first project, and the recent \$230m cost overrun loan for the Suez Canal Authority. Cairo banks participated in a number of non-banking finance organisations. Tenants is very active handling, it is believed, about \$1m a month in supplier credits. Others are still waiting for a large-scale investment-bank to develop.

One of the most interesting aspects of the opening of the door for foreign currencies, apart from the fact that there are now more than 11 foreign banks now, accounts has been the "leakage" of dollars amounting to an estimated \$5-10m. Originally, it came mainly through the Arab International Bank. Since last year, however, Egyptians have not run the risk of prosecution for possession of hard currencies. This follows measures which were partly introduced next month of a new commercial exchange rate for the dollar on the black market has sunk to 71 piastres. As they circumspectly their cocktails, the interest of many foreign bankers is observing the extent of Egypt's arrears on supplier credits and bank-to-bank borrowing. Bankers have adjusted more or less to Egyptian standards of a stable 3-4 months spare supplier credit arrears and nervously accept bank-to-bank repayments on a basis of what has jokingly become known as "Egyptian mail credit" where longer than usual notice periods are called on to explain arrears of four and six weeks. One disillusioned American banker doing small-scale money order business but no investment portfolios commented: "I don't know where all doing here really. But as a Ministry official reminded, bankers come in and they come in packs. Accounting for the most part that are first in the field in a particular sector, they retain the instinct, some each other and patrol the cocktail glass for the elusive scent of investment."

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## Suez area transformed

**COMPLETION** this summer of "the new map of Egypt" will bring to a climax the work of a series of planning groups attached to the Ministry of Housing and Reconstruction.

Reconstruction Minister Osman Ahmed Osman's idea of applying the co-ordinated efforts of six different consultancy and planning teams to Egypt's economic rebuilding programme is as ambitious as is his entire approach to "restoring the Suez Canal region to normal life." Life has yet to return to normal in the Canal zone but the transformation within the past year has been remarkable.

Several hundred thousand people have returned. Residential areas have been built on the outskirts of Port Said, Ismailia and Suez. More than 14,000 new flats and houses have been built and more than 50,000 repaired. Hospitals are open and 150,000 children have gone back to school.

Suez, badly damaged in the war, still looks very much the worse for wear and is bursting at the seams with 150,000 people. The streets and squares

of Ismailia throb with activity. Port Said, its population now more than 300,000, has 30 per cent unemployment. It is still short of housing for 50,000 but the new housing programme is continuing. Water, sewage and power problems remain. Despite the crumpling the airy city has a jaunty atmosphere. It received its free zone status formally on the first day of the year and customs stopping points circle the city, though shop stocks remain rather limited.

Infrastructure is the outstanding problem throughout the region. There is a long way to go before potential foreign investors will be satisfied with roads and telecommunications. Bomb-damaged Suez is still a pitiful sight, but its port is functioning and it remains the lynchpin of future economic growth because it has the greatest industrial potential.

The crash programme to restore the zone at least to its 1967 standards has been dovetailed with long-term plans as far as possible. Three British-led consultancy groups handed in their 25-year master plan

proposals for the three canal cities and their regions earlier this year. These are being incorporated into the comprehensive regional development plans for the final quarter of the century.

Key objectives of development strategy are to make the Suez Canal into the backbone of the Eastern Desert and Sinai, not a boundary (tunnels under the canal at El Shatt—where a Tarmac Arab Contractors joint venture has already started work—Kantara and Deversoir are a response to this); to prepare strategy for industrialisation; and to encourage foreign and domestic investment.

Regional development calls for the creation of employment in the Canal zone and of an economic entity which will boost national output. The new map is seen in those terms.

The new map, analysts judge, is a picture of Egypt based not only on President Sadat's aspirations for economic change but on political policy crystallised in the second Sinai agreement. It will include the creation of five development regions

focused on Aswan, the New Valley, the north west coast, Suez and Sinai, with the emphasis on the last two.

That a significant policy change should come about through the Ministry of Reconstruction is the result of the Minister's cheerful ambition to take more responsibility—even if it means treading on other Ministers' toes. It also reflects Mr. Sadat's confidence in Mr. Osman's brand of pragmatism and capitalism.

Two and a-half years after the President set him to rebuild the Canal region, Mr. Osman's powerful embrace includes responsibility for four new cities which will circle Cairo at a comfortable distance (10th Ramadan Industrial City to the east, Sadat City to the north, King Khaled City in the south and a fourth on the Cairo-Suez road); country-wide construction and infrastructure; reconstruction, land reclamation and development of Egypt's north west coastal region; development, construction, reclamation, irrigation and agriculture in regained Sinai territory.

M.T.

## Foreign investment

**AFTER AGRICULTURE**, some- one once said cruelly, dreams are the most important activity in Egypt.

The extent to which Egypt can marshal foreign investment will be a measure of success or failure in the vision of economic recovery through liberalisation and industrialisation. The dream could be realised if the wood can match the patience of the weaver.

There is no lack of will. The American Embassy lists 132 companies with offices or representation in Egypt. By April, 1976, 233 projects had been approved (although 37 have lapsed because of no sign of progress after one year) with a total capital of over \$400m, two-thirds in foreign currency.

Information on implementation of projects approved before summer 1975 suggest that \$28m had been spent. Observers guessed about \$25m would have been in foreign currency. By the same criterion capital expenditure on free zone projects was under \$24m. By May, 1976, 81 free zone projects had valid approvals.

Oil companies, banks and tourist construction account for most foreign activity in Egypt, with negotiations and implementation at various stages. One project, Timco, a joint venture between the military sector and McEvoy Oil Field Equipment, a Rockwell International subsidiary, has been producing well-head valve equipment since last summer. While Schindler has put together a deal with the state owned Schindler Egypt, from which elevator assembly should begin this year, Timco appeared to be the only new foreign project contributing directly to Egyptian production. Officials said there were others but were unable to name them.

Hopes lie with famous names. NASR Automotive, which makes Fiat, wants to produce components jointly with Western companies. Ford, Perkins and Deutz have been approached for engines. Rockwell International for axles, and Ziax for gearboxes. Talks continue on major projects with Renault, General Motors and Ford, but a British Leyland proposal for a Land Rover factory evaporated after last year's reappraisal when Egypt suggested a project even more ambitious than the original, according to Cairo sources.

Ford's talks show just how eager the Government is to overcome sticking points to bring in a glamour project. The Ford proposal, of great British interest since it is based on Dorset engines from Dagenham, covers production of 10,000 trucks and twice as many diesel engines a year. Egypt is currently bringing pressure, as it did successfully earlier with British Leyland, for Ford to be lifted from the Arab boycott list.

Would-be investors face three key obstacles: foreign exchange availability, infrastructure and exchange rate uncertainties. The Government could not guarantee to cover foreign exchange requirements with its present balance of payments

deficit. Investors might have to wait in line for currency allocations just like Egypt's creditors. Investors are also stymied by shortage of land and office space and lack of working telephones and Telex.

## Commercial

Authorities are starting to realise that foreign investors are used to working within a system where predictions are made on a commercial basis, a Government adviser said. Capital is brought in at the official rate, as things stand, and leaves at the rate "prevailing" at the time. Since this rate changes by political decision rather than market considerations the investor faces devaluation risks that are impossible to forecast, he explained.

Foreign exchange fears are well grounded. The authorities recently decreed that airline company remittances of Egyptian pounds would be exchanged at the cheaper (for the Government) parallel rate. The move has caused fears in the industry that Egypt might now default on official rate obligations and try to buy a \$30m backlog of Egyptian pounds at the parallel rate.

Moves in the commercial rate would increase burdens, and the scale of the investor's risk, as the differential increases, should petrodollar surpluses be

Changes like this in the "prevailing" rate of remittances exchange aggravate difficulties in predicting future returns on investment.

Officials in Egypt validly say that only since the Sinai 2 Agreement with Israel have political conditions been genuinely suitable for major investment commitments—"so the first full year is not yet up." But the gap between predictions and achievement is making potential investors wonder about the hypotheses on which investment investment rules, was based.

One assumption was that Egypt would be able to realise quickly and reduce its balance of payments deficit by tapping the export market of Arab neighbours. Law 43 is so export-orientated that many companies would have to export 60-80 per cent of production to finance input requirements, repatriate profit and satisfy all Egyptian demands. Michellin, which is trying to set up a joint venture, to produce tyres is understood to be basing projections on exports of 50 per cent of production. But the venture has heavyweight political encouragement from both Paris and Cairo. Other companies have done their sums and left.

A number of key questions are now being asked. Why should petrodollar surpluses be

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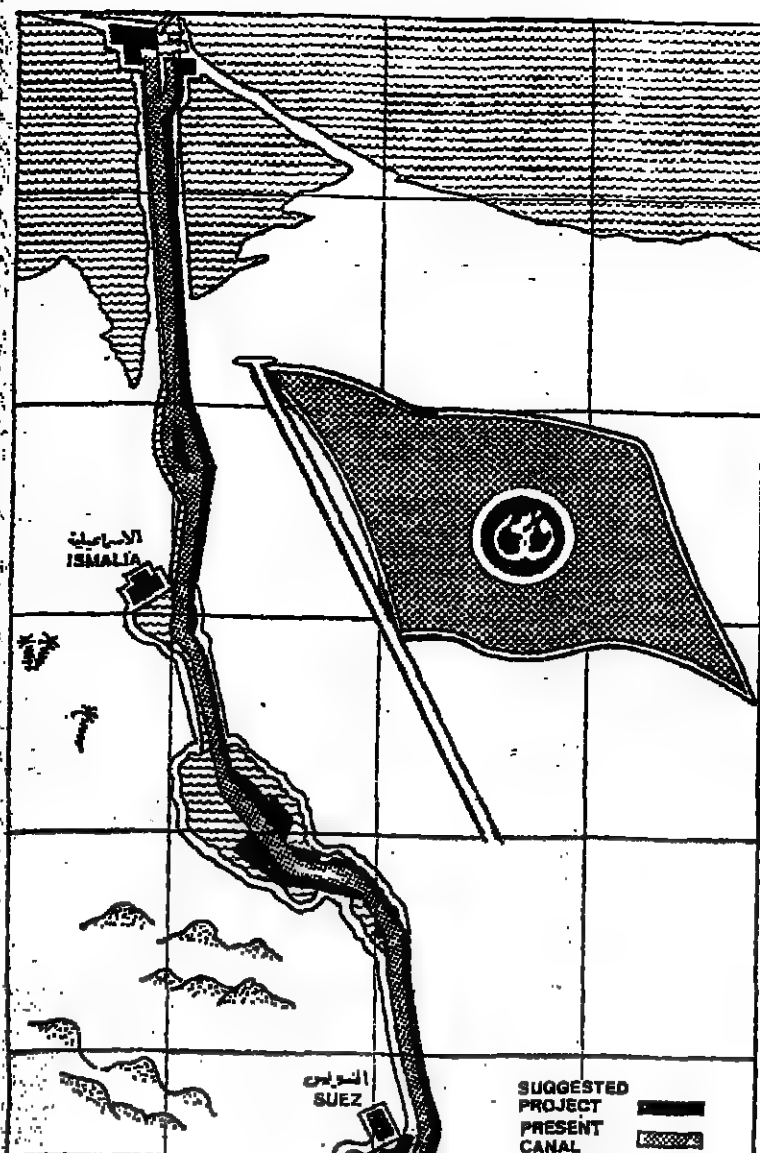
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مركز الأصيل





# the SUEZ CANAL and its FUTURE

The Suez Canal will remain the most important and the greatest waterway for world navigation, linking the East and the West. Since its creation more than a century ago, it has been providing the most efficient services to international trade—thus contributing to the welfare and development of the world.

## SIGNIFICANCE OF THE CANAL

The geographical position of the Canal has made it the shortest navigable route between the Eastern and Western hemispheres. It is thus economical because it spares vessels making the long trip around Africa. The distance saved varies between 17% and 59% and the economy in fuel between 50% and 70% depending on the tonnage, speed and the destination of the vessel. The Canal lies in an area of safe navigation, the pro-

portion of accidents in the Mediterranean and the Red Sea being lower than in the Atlantic, especially in the vicinity of South Africa. The Suez Canal is considered as the best criterion by which the evolution of world economy may be measured mainly in respect to European countries, since transiting goods constitute a large proportion of the East-West trade.

## EFFECTS OF THE 1967 WAR

As a result of the June war of 1967 and the Israeli occupation of Sinai, the Suez Canal was closed for a period of eight years, during which world economy and trade were deeply affected. This was represented by about \$1,700 millions annual losses, mainly resultant from increase of transport costs, according to estimates

by the United Nations Conference on Trade & Development held in Geneva in October 1973. This was in addition to recession and losses suffered by the ports of the Mediterranean and Red Sea. The total losses sustained by the Suez Canal Authority in the form of revenues and damage during this period amounted to about \$1500 million.

## THE GREAT CROSSING

On the afternoon of October 6, 1973 the Egyptian armed forces crossed the Canal and succeeded in changing the regional balance of power. This led, in

short, to the re-opening of the Suez Canal on June 5, 1975. The man responsible for this admirable action was President ANWAR SADAT.

## CLEARANCE OF THE CANAL

Following the success of the October war, the Suez Canal Authority embarked on clearing the Canal and preparing it for navigation, in two stages:

— First stage, from February 1974 till the end of March 1975:

It was carried out by the Authority's experts in collaboration with groups from the armed forces and the Ministry of Interior. The U.S., British and French naval units participated in this accomplishment with their equipment and experience. The Canal sides, navigable channel and approaches were cleared from all obstacles and war ordnance.

— Second stage, from April 1, 1975 till June 4, 1975:

It became definitely certain that the Canal is absolutely

clear and the equipment as well as staff have been provided. Signal stations and communications equipment were replaced. Several transit trials were carried out in the Canal.

But it remained necessary to remove the causeway blocking the Canal at Deversoir and composed of concrete blocks, heavy rocks and barges loaded with stones. There was no heavy equipment capable of dealing with the causeway. The roads leading to it were blocked by many obstacles and the procurement of outside equipment would have required some time. Therefore with a great deal of faith and determination, the Authority succeeded in removing the causeway, using such simple equipment as was available and reinforcing this with manual labour.

## RE-OPENING OF THE SUEZ CANAL

On June 5, 1975 President ANWAR SADAT announced the re-opening of the Suez Canal and delivered a speech in which he said:

"The son of this good earth who has dug the Canal with sweat and tears to be a link between continents and civilisations and crossed it with the souls of holy martyrs to spread peace and security on its banks... is today re-opening it for navigation as a waterway in service of peace and artery channelling prosperity and co-operation between humans."

## THE IMPROVEMENT PROJECTS

According to the constant studies made on the evolution of the world tanker fleet and the need of countries north of the Canal, particularly West Europe and America, for Gulf oil, the Suez Canal Authority started the execution of huge projects to develop the Canal in two steps:

The first step: aims at widening and deepening the Canal so as to increase its wet cross-section to 3,200 sq. m. instead of 1,800 sq. m. and the transit permissible draught to 53 ft. instead of 38 ft., thus allowing tankers up to 150,000 tons to transit fully loaded and tankers over this tonnage to transit in ballast or partially loaded.

Works involved in this step started effectively on the 22nd February 1967, but were it not for the Israeli occupation they would have now been achieved.

The second step: aims at widening and deepening the Canal so as to bring its cross-section to 4,200 sq. m. and the transit permissible draught to 67 ft., thus allowing tankers up to 260,000 tons to transit fully loaded, tankers up to 300,000 tons partially loaded and tankers over this tonnage, in ballast.

The total cost for the execution of this huge project in its two stages—including furnishing the Canal with modern sets and equipment for pilotage, signal and navigation aids, as well as the floating units, amount to about £500-600 millions of which an equivalent of £300 millions in foreign currency, including the construction of Port-Said by-pass and the improvement of Port-Said harbour.

The completion of that project will augment the transiting capacity of the Canal to 24,000 ships annually, corresponding to a daily average of 65 ships. This capacity will meet all the requirements of the traffic in both ways.

## PRESENT TRAFFIC

Traffic in the Suez Canal is now running at almost two-thirds of its former level prior to closure in 1967, but the tonnage is higher than before due to the growth in size of transiting vessels.

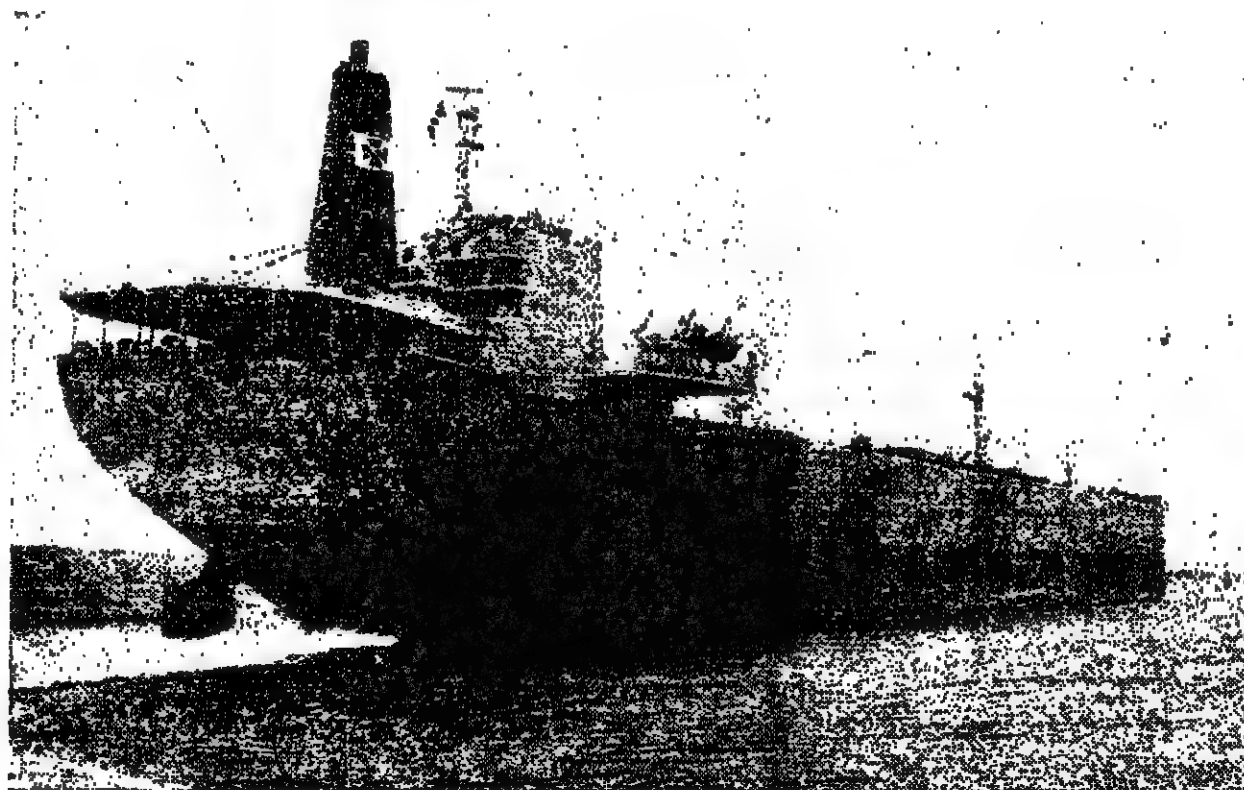
The following figures show the daily average of transits since the re-opening of the Canal:

11.3 ships in June 1975  
21.3 " " July "

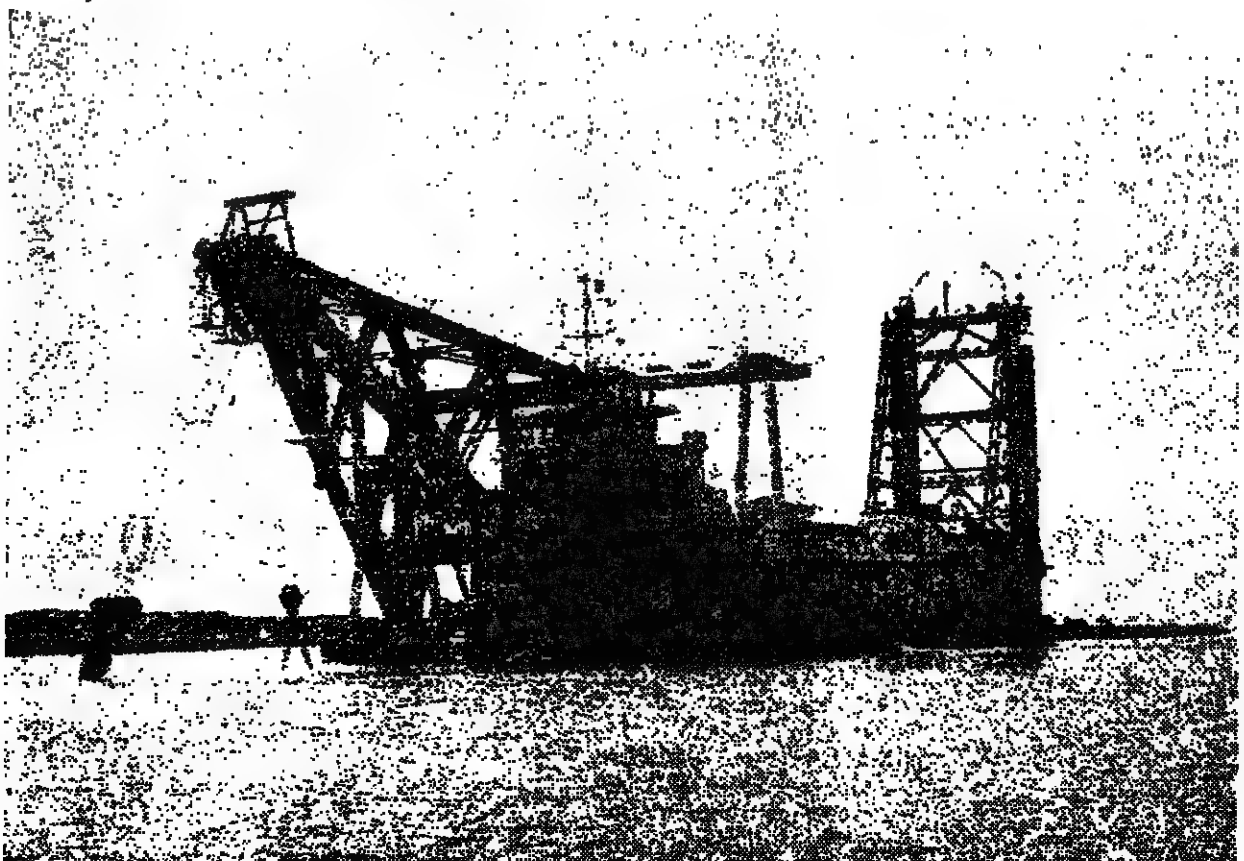
24.8 " " August "  
28.4 " " September "  
30.1 " " October "  
32.8 " " November "  
34 " " December "  
37 " " January 1976  
39.2 " " February "  
44 " " March "

## CHARACTERISTICS OF THE PRESENT CANAL

Length of the navigable channel from the fairway buoy to Port Said lighthouse .....	11.5 km
Length from Port Said to Port Tewfik .....	162.5 km
Length of the straight section of the Canal .....	142.5 km
Length of the Canal curves .....	20 km
Length of the sections passing through the Lakes — Bitter Lakes & Timsah Lake .....	40 km
Breadth of the Canal at water level .....	160-200 m
Breadth between buoys defining the navigable channel .....	110 m
Wet cross sectional area .....	1800 m <sup>2</sup>
Maximum draught for vessels .....	38 ft
Allowable speed for loaded tankers .....	13 km per hour
Allowable speed for tankers in ballast and cargo-ships .....	14 km per hour



Tanker passing through the re-opened canal.



One of the giant dredgers entrusted with the execution of the first stage of the Suez Canal Widening and Deepening Project.

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## EGYPT VIII

# Irrigation at high cost

THE MINISTRY of Irrigation has traditionally been the servant of whatever agricultural strategy Egypt has chosen to follow. From the advent of the Nasser regime until 1958, the emphasis was mainly on vertical expansion of agricultural production through agrarian reform, the extension of the co-operative system, consolidation of dwarf holdings and the installation of a comprehensive drainage network. Indeed, it was just when these policy priorities began to shift in 1958 that it was announced that the Ministry of Irrigation would undertake a 30-year programme to complete the drainage system.

When the Soviet Union agreed in 1958 to finance the first stage of the High Aswan Dam, Egypt entered a new era where virtually all agricultural hopes were pinned to horizontal expansion through desert reclamation. The target was set at 1.2m. feddans (1 feddan = 1,038 acres) which would absorb most of the 7.5m. cubic metres that constituted Egypt's share of the increased water supply resulting from the dam. Three-quarters of all investment in agriculture and irrigation (including the High Dam itself) in the first five-year plan (1960-65) was devoted to horizontal expansion.

The Ministry of Irrigation was charged with installing the water delivery systems for the new projects. Its activities in the old lands were confined to maintenance and replacement of existing systems (including 41,000 km. of canals and drains). Extension of drainage network in both old and new lands became of secondary importance because of the mistaken assumption that one of the effects of the High Dam would be an overall lowering of the river level and a consequent improvement in natural drainage. The mistake lay in the fact that the more abundant water and more intensive cropping patterns have caused the water table to rise, leading to widespread waterlogging and increased soil salinity.

Horizontal expansion remained Egypt's official credo after the June War of 1967, although there were virtually no funds to finance any programme, horizontal or otherwise. Waterlogging and salinity became serious problems in the

old lands, and in 1970 Egypt, through the Ministry of Irrigation, joined with the ICRD to introduce tile drainage to Egypt's fields. By 1975 nearly 100,000 feddans had been brought within the new system. At experimental sites it has been demonstrated that improved field drainage leads to increases of crop yields up to 20 per cent. Moreover, tile drains, being buried beneath the surface, can free land—perhaps as much as 300,000 feddans—otherwise taken up by open field drains.

## Doubters

Some of the old doubters of horizontal expansion, such as Sayyid Marei, have been quick to point out that improved drainage could increase total agricultural output by 30 per cent, the equivalent of expanding the valley by 2m. feddans, and at a cost of around £E300m, whereas adding 3.3m. feddans of reclaimed land to the cultivated surface would cost at least £1bn.

But the drainage problem is even larger than this, for, as of 1974, only a little more than a third of Egypt's 6m. feddans were serviced by main and secondary drains. In short, as the Ministry of Irrigation itself projected, Egypt would be doing well if main and secondary drains would be extended to 80 per cent of the cultivated surface and tile drains to 60 per cent, by the year 2000. Parenthetically, one might well ask 80 and 60 per cent of what? For Egypt loses net each year 20,000 feddans to urban and village encroachment, and the nibbling process appears to be uncontrollable.

By 1970 the real costs of desert reclamation were emerging. The sandy soils of the western and eastern fringes of the Delta were greatly inferior to those of the valley proper. It has taken about ten years from the beginning of reclamation to bring any given site up to marginal levels of production, and the per feddan costs of reclamation, including social infrastructure, have averaged over £E500. While reclamation has begun on 800,000 feddans, only a few areas have produced a surplus. Each year the State has had to cover a deficit of about £E10m. on the operations of the reclaimed areas.

Compounding the problem

was the irrigation system itself. In the sectors of North Tahrir and West Nubaria, an area of some 300,000-400,000 feddans to the west of Alexandria, the irrigation network was designed to deliver water on the ten-day cycle common in the valley. But the sandy soils of these sites cannot retain water for so long. Not only was the growth of plants affected by desiccation towards the end of the cycle, but the excess water percolated down to the water table, which rose over 30 metres in places in a few years. Natural drainage from the higher areas back toward the main irrigation canals occurred, and this drainage water contained a high level of dissolved salts. The main canals and even the pumping stations were infiltrated by salty water and in some instances had to be closed down. Lower lying lands were salted out by the eastward drift of the underground water. In 1972, Mustapha Gabali, then Minister of Agriculture, suspended all new desert reclamation projects. How to salvage what had already been done was and remains an awesome challenge.

In the past three years, very mixed signals have been emitted by Egypt's economic strategists regarding the horizontal-vertical dilemma. The upshot, predictably, is that the Government seems determined to have a good bit of both. In the last Government shake-up in March, 1976, Abd al-Azim Abu al-Atta, the Minister of Irrigation, was also made Minister of Agriculture (including land reclamation and agrarian reform) thus putting under one hat a number of bureaucracies that had often worked at cross purposes. Mr. Abu al-Atta was a fitting choice, having long served as the Director of the General Authority for Cultivation and Agricultural Projects in the Ministry of Land Reclamation. His mission is clearly to construct and apply a rational, integrated plan for vertical and horizontal expansion. Still, the initial indications of the directions in which he will move are puzzling. In terms of investments, the emphasis is still very much upon horizontal expansion, despite the more compelling benefit-cost argument for tile drainage and other programmes in the old lands.

In the 1976-80 five-year plan, it is initially estimated that £E400m. will be invested in

EGYPT'S WATER BUDGET		billion m <sup>3</sup>
Currently available Nile water at Aswan	55.5	
Return flow (drainage and seepage) Aswan-Cairo	2.3	
Utilised drainage water in the Delta	2.5	
Ground water	0.3	
Annual Sudanese "loan" until 1977	1.5	
<b>Total</b>	<b>62.1</b>	
Current use assuming 11.3m. cropped feddans:		
Crop needs	39.9	
Conveyance losses	8.0	
Misuse on field	9.9	
Navigation and release during January stoppage	2.5	
Industrial and domestic	1.0	
<b>Total</b>	<b>61.3</b>	
Future potential:		
Re-utilisation of Delta drainage water	12.0	
Egypt's share of Equatorial Lakes projects	9.0	
<b>Total</b>	<b>21.0</b>	

agriculture and £E300m. in irrigation. The agricultural component will include £E132m. for vertical and £E255m. for horizontal expansion. It was first stated that reclamation would be begun on 150,000 feddans, but recently there has been talk of 301,000 new feddans. This policy option has the backing of President Sadat, who in recent months has repeated that Egypt's growing population must move out of the valley and conquer the desert. Much of the thrust in this direction has come from Ahmad Osman, the Minister of Housing and Reconstruction, who is responsible for rebuilding the rural zone, including land reclamation projects, but has more ambitious plans in mind.

## Cleavage

Affirmation of the new priority has been the appointment of Bahgat Hassanin as Minister of State for Reconstruction. It has been suggested that all reclamation sites be put under the direction of public or mixed (including foreign partners), companies and these in turn under the supervision of Mr. Osman and Mr. Hassanin. Having overcome the old cleavage between the Ministries of Agriculture and Irrigation, a new one may well emerge between the latter and the Ministry of Housing and Reconstruction.

Mr. Osman talks as if water and suitable land were available in limitless amounts. Mr. Abu al-Atta is more cautious but even he talks of reclaiming 2.4m. feddans before the end of the century.

If one could reduce over-use of irrigation water by half then

Egypt would have available a maximum of 25m. cubic metres, enough, according to the Ministry, to reclaim 4m. feddans. There is, however, a great distance between theory and application. For what crops and soils are the drainage waters (500-1,000 parts salt per million) suited and what will be the cost of their re-use? During the reclamation phase desert soils require about 10,000 cubic metres a year. Four million feddans could require yearly for at least ten years 40m. cubic metres. The Equatorial Lakes and Upper Nile projects are but a gleam in the eyes of Egyptian and Sudanese planners, and the Jonglei canal project which would net Egypt 2bn. cubic metres per annum, is at least six years away. And all the projections assume that industrial and domestic use will not grow much beyond 1bn. cubic metres a year, itself a substantial underestimate of actual use. Little mention has been made to date regarding costs, techniques and returns on what must be massive investments. If trickle and sprinkler irrigation were introduced in old and new lands, waste and reclamation needs for water could be substantially reduced, but the cost of this technology is very high. It might be cheaper to put excess Egyptians on the dole than to conquer the desert.

John Waterbury

# Trade gap grows alarmingly

EGYPT IS currently experiencing its most severe trade deficit ever, and one which shows every prospect of further deterioration unless strong curbs on consumption are successfully applied. The lag between production and consumption has increased sharply. Last year imports for both the industrial and agricultural sectors exceeded exports from both for the first time.

While total exports in 1975 were just under £E550m., imports topped £E1.5bn. With the deficit running more than £E950m. (£2.2bn.), two problems stood out. Cotton production was on the decline but domestic consumption remained high, causing a sharp reduction in the exportable surplus. While the major proportion of Egypt's export output went to the Soviet Union the cost of imports bought with hard currency from Western countries rocketed.

Primary exports dropped almost £E100m. last year, from £E261m. (of which £E201m. was raw cotton). The textile industry improved so that semi-finished products like yarns earned almost £E90m. and exports of finished products topped their value by nearly half to almost £E150m. But this almost steady performance was far outstripped by the enormous rise in the import bill as consumption surged and machinery and raw materials were bought in last year's drive to free idle capacity in industry.

## Record

Consumer commodities registered a rise of over £E100m. to £E287m. as the Government bought flour, tea, coffee, meat and sugar to meet domestic needs. Individuals imported a record number of cars as import laws were relaxed and purchases by Egyptians with money held abroad became popular. Cars, spare parts and other capital purchases rose from £E124m. to £E268m. in 1975.

The cost of intermediate commodity imports, from fats and oils to iron and steel, doubled to £E619m. Imports of currency deficit.

But Russia and Egypt are inextricably entangled for the moment as Egypt continues to pay off its civil debts. Hopes faded earlier this year for a Saudi-backed fund of \$7.1bn. which could have taken over entire responsibility for debts including those to the Soviet Union. This would have freed the cotton crop for the world market.

As it turned out, Cairo and Moscow signed a £E321m. trade protocol in April, 1976, confirming the Soviet position as biggest trading partner. Under the terms, Egyptian exports of cotton, crude oil, textiles and oranges will total £E186m., with imports of coal, newsprint, timber and machinery valued at £E125m.

The extraordinary trade position in which long-established commitments to the Eastern bloc countries have placed Egypt is quantified simply. In 1975 exports to the Eastern bloc were 67 per cent of the total (£174.52 per cent) and imports from the Communist payments agreements countries were 15 per cent of all imports (£174.52 per cent).

## Doubling

Last year more than 60 per cent of all imports came from the West and Japan, with imports from the U.S. alone doubling to nearly £E300m. Hammering home how ill Egypt can afford these hard currency imports, which are financed at huge cost, exports to the U.S. last year dropped to £E200,000.

The deterioration went right across the board. Trade with Britain, which supplies vital machinery and engineering equipment, changed from a slight balance in Britain's favour in 1974 to a deficit of over £E20m. on imports by Egypt of £E51.8m.

The race to release what can be salvaged from the exportable surplus (or developed through increased production) from the grip of the payments agreements will remain the No. 1 priority for several years to come.

M.T.

# Need for investment

MACHINERY GROUND to a halt with such regularity in one Egyptian public sector company several years ago that the chairman is said to have arranged his holidays in Europe to fly back with spare parts bought at his own expense crammed into his personal luggage.

This aptly illustrates the difficulties faced by industrial managers in a country which still suffers from acute inefficiency and lack of hard currency for raw materials and upkeep. A cash squeeze on maintenance and spare parts is only one hazard in a national industrial machine hampered by power cuts, lack of components, poor transport, overmanning and absenteeism.

Last year, following an injection of £E230m. allocated under the 1974-75 Transitional Plan, Egypt's unused industrial capacity recovered from its low point where idle capacity had reached 45 per cent, overall and even 60 per cent in individual cases. Performance in 1975 improved 15 per cent, at current prices (10 per cent, in real terms), according to the Ministry of Planning. Many industries returned to full capacity.

## Sobering

But a sobering reminder of wasted capacity because of failure to re-equip an ageing factory was provided by the Kima fertilizer plant at Aswan, where 1973 output, already far below the 380,000-tonne capacity, dropped by more than half to under 100,000 tons. Last year it recovered to almost 300,000 tons.

Egypt's erosive economic cycle was highlighted by the Kima crisis because the fall in production there forced up fertilizer imports, aggravating in turn the balance of payments deficit which had been the original cause of the capital shortage.

Economists in Egypt are concerned that the country could lapse back into a similar cycle if cash flow dried up again. This year there have already been indications that the large trading companies may have to cut back exports across the board.

Contrasting with the Government's avowed aim of turning Egypt into an industrial

machine to pay for food which cannot be produced locally, Egypt's industrial sector last year accounted for only a fifth of Gross National Production (£E1.8bn.) and industry provided only one-eighth of jobs. The sector does, however, produce more than a third of export earnings. Last year's target was £E184m., which according to preliminary calculations was exceeded last year.

Foodstuffs and the textile industry are the largest sectors by value of output. Spinning and weaving topped its £E650m. target following an improvement of £E40m. over target from the private sector. The textile industry is based on Muhalla el Kubra, north of Cairo, and Kafr el Dawar outside Alexandria. It puts out a third of all public sector production and employs half the public sector labour force of 570,000.

Food processing is almost as important but produces less for export. Food and textile growth has been slower recently compared to the rise of construction and chemicals, but last year's food output (£E700m.) was well above target.

In 1975 much of the effort was directed at taking up the slack in chemicals, where injections of cash pushed production up from less than £E300m. in 1974 to £E370m. with the help of improvements in the private sector.

The Kima plant responded to loans from the World Bank and UBAF, the French Arab bank, by forming a conglomerate, but fertilizer targets were not met because of delays on work at the Talkha plants. The late schedule forced the Egyptian General Petroleum Company to hold back gas production from Abu Ghiradeh.

Another of industry's sick men benefiting from cash releases for raw materials and renewal was the Alexandria-based Egyptian company for Chemical Industries, where production had stagnated during alterations to the Romanian-built factory to the extent that the People's Assembly had demanded an investigation into its serious losses.

Following a measure of success in harnessing capacity in chemicals the push will now be

concentrated on building materials and metallurgy—building materials to cater for the construction surge where expensive imported materials are pushing up costs, and metallurgy because Egypt has already taken the plunge into the capital-intensive iron, steel and aluminium industries.

Production at the Soviet-built Helwan iron and steel works, just south of Cairo, was only half its 1.5m. tonne target following shortages of coke and inconsistent quality in the iron ore now being brought from Bahareya. The Nag Hammadi aluminium works, based on Indian bauxite and Aswan High Dam electricity, reached its Stage 1 33,000-tonne capacity this year. But there is doubt whether successive phases will go ahead on schedule. Highly placed sources said negotiations were at a standstill following the recent deterioration in relations with Moscow.

## Prestige

Illustrating best the gamut of problems facing leaders of industry—who often have to juggle production, lines whose very existence is based on prestige or social consideration—is the case of Nasr Automotive, which makes Fiat cars under licence.

Unrealistic directives to produce a car with a 80 per cent local content have never been met. Targets (that for 1976 is once again 10,000-plus units) have been impossible to meet. Foremost among a legion of obstacles has been the shortage of foreign exchange. Imported components have simply been unavailable and production schedules were sent lurching. Western-style production control is simply not applied, according to one disillusioned Western expert.

Factory profitability relates to economy of scale, while low wage costs are more than counterbalanced by gross overmanning—a product of the high social value put on jobs under the previous regime. One focus this year must be on the renewal of machinery. If we do not invest in renewal this year, we will have production line breakdowns which will lead to idle capacity next year.

ject production of a quarter million a year with half the labour force.

Power cuts, component and paint shortages, breakdown and absenteeism and a local content of only 25 per cent meant that it would have been easier to import Fiat cars direct. A move to import in this way for relabelled resale was started, in fact, this year, ostensibly because of re-tooling preparations for a new Fiat 128 production line.

Significant improvements in private sector output were made last year, but private industrial production continued to make up a quarter of total value, as it has long done. Its contribution to industrial output was due to rise this year to about 30 per cent, of 1974 targets, however. Observers wonder what will be the effect of more costly imports because of the commercial exchange rate and higher tariffs.

Gross value of industrial production covered by the Ministry of Industry in 1975 was £E2,275m. But this did not include defence production from Egypt's 30 or so military factories, or cotton ginning, food milling, bakeries, tea packing, printing, pharmaceuticals, iron or production of industrial handicrafts. For one reason or another these are considered outside the administration separated from industry.

This year building material passed out of industrial jurisdiction, and now become the responsibility of the Ministry of Housing and Reconstruction. Considering industry in soft gross output last year was £E3.2bn. according to reliable sources, of which less than 2 per cent was military. No value added was estimated at £E805m. The current year's gross industrial production should reach £E3.5bn., about £E75m. net.

Last year's release of cash to the industrial sector pushed production up and the year a whole was a success. But on senior official warned: "This year this year must be on the renewal of machinery. If we do not invest in renewal this year, we will have production line breakdowns which will lead to idle capacity next year."

M.T.



## Once upon a time this might have stopped the traffic.

It's not the sort of problem you might face every day, giving way to traffic 24,000 times your size. But in Egypt one of the world's main shipping routes cuts right through the country. So road links are often subject to delay.

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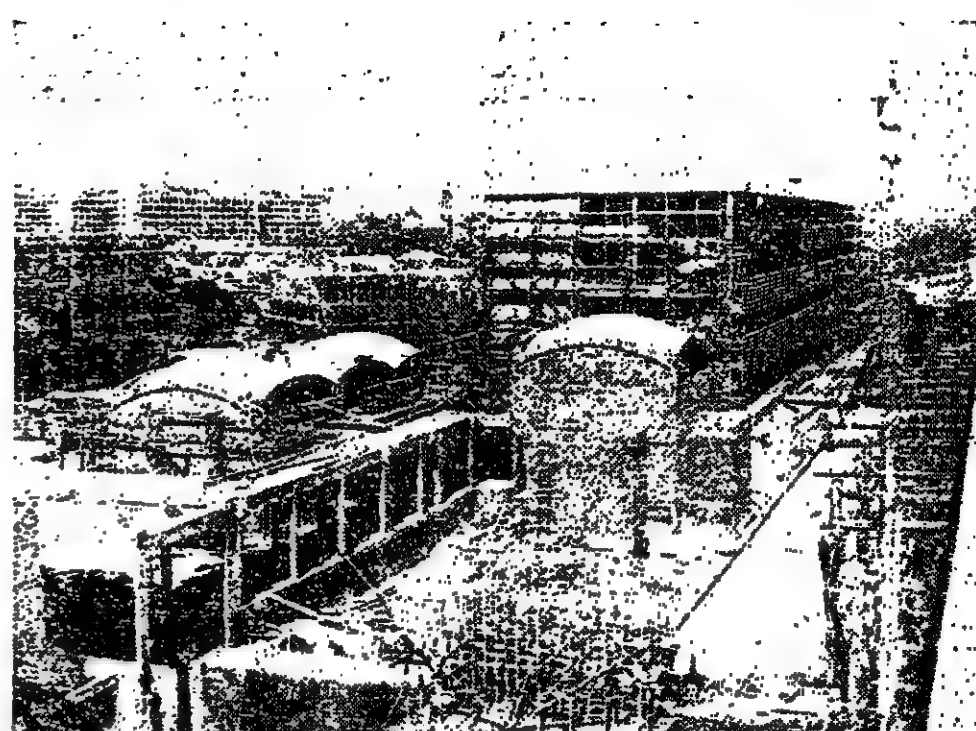
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### THE SAUDI CONTRACTORS

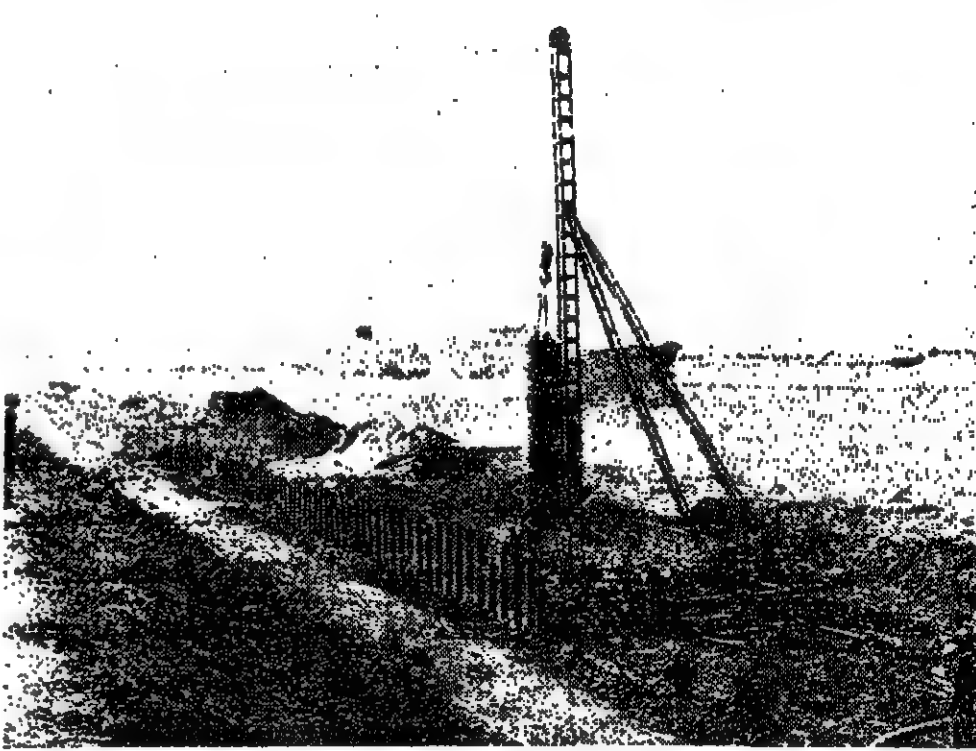
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TRIPOLI UNIVERSITY, ONE OF THE 10 UNIVERSITIES UNDER CONSTRUCTION BY THE COMPANY, IN THE MIDDLE EAST



WIDENING AND DEEPENING THE SUEZ CANAL  
AMOUNT OF THE PROJECT: 30 MILLION POUNDS

### MISR-IRANI CONTRACTING CO.

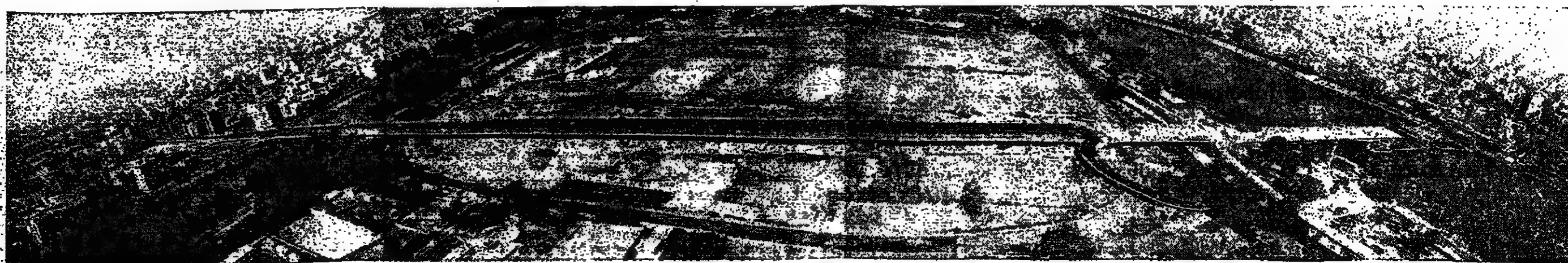
Joint-venture contract between the ARAB CONTRACTORS (Egyptian Co.) and THE CONSTRUCTION INVESTMENT COMPANY (Iranian Co.) has been signed in November, 1975. The volume of work expected to be performed by the new company amounts to 250,000,000 Dollars in Port Said area.



THE HIGH DAM  
AMOUNT OF PROJECT: 240 MILLION POUNDS

### OSMAC

Joint-venture agreement between the ARAB CONTRACTORS (Egyptian Co.) and TARMAC OVERSEAS LTD. (British Co.) has been signed with view to undertake the design and construction of the first tunnel (El Shatt tunnel: £30,000,000) under the Suez Canal.



6 OCTOBER BRIDGE: 12 MILLION POUNDS. ONE OF 15 BRIDGES UNDER CONSTRUCTION BY THE COMPANY IN EGYPT



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# Bursting at the seams

EGYPT COULD be twice its present size, and still not large enough. The desert is mostly untamed, and the narrow Nile Valley is not enough to feed and support a population of over 38m. It was fine for the 2m people Napoleon found in 1798. If not the granary of the world as in Roman times, its wheat crop was still a prize plum passed from empire to empire.

### Doubles

But now its population doubles every 30 years, and the steady increase in people bulges further and further out of a national infrastructure the seams of which are already coming apart. If we have these problems with 38m., what are we doing for the other 38m.

who are coming whether we like it or not?" asks Dr. Aziz Bindari, chairman of the Egyptian Population and Family Planning Board.

The first approach was to introduce a massive family planning programme, begun ten years ago. Partly because of its effect, and partly for social and economic reasons, the birth rate has dropped from 43 children per 1,000 population ten years ago to 35. The average family now has 4.5 children rather than six.

But the advances of medical technology have also brought a decrease in the death rate, particularly of infants. The result is that Egypt's population is still growing at a rate of between 2.2 and 2.6 per cent a year. Egypt has not had a

census since 1960, although one is scheduled to begin in November.

Resigned to the reality that the other millions "are coming whether we like it or not," Dr. Bindari, his agency, and the Egyptian Government have begun to take a broader view of the population problem. They are beginning to look at the population's basic characteristics—its health, education, distribution, and age structure.

One major goal is to reduce the migration of the rural population to Cairo, which was designed for 2m. or 3m., but now has over 8m. people. Tens of thousands of refugees from the Suez Canal area, bombed by the Israelis during the fighting, have also moved into the city. The Government plans, and in some cases has begun, a rebuilding programme in the canal cities of Suez, Port Said and Ismailia to lessen the strain on Cairo.

trial City, eventually for 500,000 people, on the road from Cairo to Ismailia. A contract has just been awarded to a group of American firms for the master planning of Sadat City on the Cairo-Alexandria road. It also would have a population of 500,000. A third city, named after Saudi King Khaled, is envisaged for the Fayoum road south of Cairo.

The lack of jobs in Egypt is so serious that the Government is encouraging workers to move to other countries. Already there are hundreds of thousands of Egyptians working abroad, particularly in oil-rich Arab countries such as Libya, Saudi Arabia and the Gulf. At the end of May the Ministry of Manpower and Technical Training announced it was beginning a survey of potential new or increased labour markets abroad. Press reports said "the African area is still virgin and can absorb tens of thousands of Egyptian workers."

### Services

There are also plans to encircle Cairo with a string of new cities, far enough away at about 50 kilometres to prevent them from being an extension of Cairo but close enough to take advantage of its services. New industry will henceforth be directed towards these new cities.

Work has recently been completed on a master plan for the 10th of Ramadan New Indus-

try City, eventually for 500,000 people, on the road from Cairo to Ismailia. A contract has just been awarded to a group of American firms for the master planning of Sadat City on the Cairo-Alexandria road. It also would have a population of 500,000. A third city, named after Saudi King Khaled, is envisaged for the Fayoum road south of Cairo.

Health is as much of a problem as education. Sixty to 70 per cent of the rural popula-

tion suffers from bilharzia, a worm that is picked up from stagnant water and lives in the veins. It makes its victims anaemic, and eventually weakens them to the point where they fall to other fatal diseases. There is hardly an Egyptian who, sometime in his life, has not had the eye disease trachoma.

Although there are good health facilities, with a clinic for every 5,000 to 8,000 people and medicine is free, there is still not an efficient health system. Dr. Bindari admits. More damaging, however, is the poor environmental conditions under which most people live.

Finally, Egypt has to contend with a population structure where over 50 per cent of the population is under 20. What will happen when they reach the job market is unclear. When the family planning programme was started, the approach was quite simple, Dr. Bindari says. It was simply to give the right information and equipment to the people, on the assumption that the birth rate would drop, and the social problems would take care of themselves.

"We were focusing on one aspect and forgetting about others," Dr. Bindari says. "We were forgetting that human behaviour is part of social behaviour. After ten years of effort we are starting to realise the problem is not that simple."

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AT 31.12.1975

	L.E.		L.E.
GROSS PREMIUM INCOME	19,275,000	TOTAL ASSETS	61,358,000
TOTAL RESERVES	41,743,000	TOTAL INVESTMENTS	51,470,000

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## EGYPT X

# A melting pot of nuclear projects

IF ALL the nuclear power projects of the past two decades had progressed further than talks, sixteen nuclear reactors from seven countries might have been either built or under construction in Egypt, with more than 5,000 MW of generated power just round the corner. As it is, Egypt has a 2 MW experimental nuclear reactor at Inshass, between Cairo and Alexandria, installed by the Soviet Union in 1961. It produces isotopes mainly for medical and research use.

Egypt's melting pot of nuclear projects produced a letter of intent by Government in March this year. If contracts are signed next September Westinghouse will provide a 600 MW pressurised water reactor at a cost of \$325m. Providing that the U.S. Government gives the company the go-ahead and the money is found, the six-year construction programme at Sidi Kreir, west of Alexandria, could start in 1977. But Westinghouse's Egyptian project is highly sensitive in the U.S. and approval cannot be considered a foregone conclusion.

Last year France formally agreed to help with the 300 MW second stage of Abu Qir power station, the first stage of which is financed by the African Development Bank and the Arab Fund, but less is heard of last year's much publicised French nuclear power station to produce 600 MW. At the time there seemed a gulf between Egyptian hopes and the French promise to "help with research." A thermal station at Suez is to be built with Austrian help. An American agreement providing \$99m. towards a 300 MW station in Ismailia was signed last month.

### Solution

One Cairo professional man saw the power situation in terms of Egyptian character. "For thousands of years the Nile has been the big solution to the great problem of feeding people in a country 97 per cent desert. We like cure-all solutions. We think of the 'big one' just around the corner—like punters at the racetrack. Before it was constructed the High Dam acquired attributes in popular thinking that it was never designed to meet. The power solution till the end of the century was one happy concept."

Last year Lake Nasser filled to its full operating level of 176 metres for the first time. Power production was up last year, a gentle gradient to the 1,600 High Dam officials say, to 9.3bn. square mile depression. The lake kWh, compared to 8.5bn. kWh would be kept 50 or 60 metres in 1974. The Higher Planning Council, Egypt's think tank along the canal would generate under former Premier Mohamed Hatem, recently stated, however, that 1974 production was 6.5bn. kWh.

A senior official confessed privately that one might expect the Ministry of Power to err on the side of understatement because overstressing a shortage from the Dam gives more chance to fashionable nuclear projects. He believed that shortages were exaggerated, since Cairo's chronic cuts in domestic and industrial supply are caused by the inadequate and decaying distribution network. "The Ministry of Power spends money producing power but neglects the distribution net, making all future industrial development unpredictable," he said.

### Confusing

Further examination of the output leads to the murky recesses of serious measurement in Egypt, which is at best confusing and at worst impossible. But a few "facts" stand out—

The total installed capacity of the Aswan High Dam is 2,100 MW.

Generation decreases during the December-January cleaning period when output is reduced to 900 MW.

The Aswan High and Low Dams in 1975 produced half the power used in the Egyptian grid.

The full potential cannot be used because the requirements of electricity generation conflict with those of irrigation.

A large amount of power generated is unused because Egypt does not have an efficient grid capacity.

Emotions about the High Dam cannot be disconnected from politics and the tarnishing of the late President Nasser's image. Mire thrown around the last regime has affected the Dam's image, obscuring statistical scrutiny and objective assessment.

### Glamour

As irrigation and power problems continue to increase, the Aswan glamour has turned to lacklustre. Last year the Government resurrected a 50-year-old plan to fill the vast Qattara depression with water to generate power for decades to come. The scheme is being studied by experts paid for and provided by West Germany.

Current thinking is to blast a canal, possibly with a chain of tiny nuclear explosions, 50 miles southwest of Alexandria down production was up last year, a gentle gradient to the 1,600 High Dam officials say, to 9.3bn. square mile depression. The lake kWh, compared to 8.5bn. kWh would be kept 50 or 60 metres in 1974. The Higher Planning Council, Egypt's think tank along the canal would generate under former Premier Mohamed Hatem, recently stated, however, that 1974 production was 6.5bn. kWh.

lake, it is believed. Power estimates at the count were 8,000 MW.

Already Qattara plans have escalated in estimated cost from less than \$500m. in 1974, to at most \$1bn. in 1974, and one study started. Observers wonder whether the final costs of the 20-year scheme will not inflate much further.

While Egypt is gazing at annual generation of 8,000 MW from Qattara, and 10,000 MW from nuclear reactors by the end of the century, the power crisis in the short term is becoming pressing, according to Ministry of Power figures. It is not yet clear whether the extra output

can be reached for the first time, expansion of Nag Hammadi (if the negotiations are unblocked) and the doubling of iron and steel production. The Suez Canal Authority will require another \$1bn. annually to run the canal, and rural electricity is due to consume more than 1bn. kWh in 1980.

Substantial gas reserves exist in Egypt, and optimism of production is not unrealistic. At present, however, it is not clear how long it will take to bridge the gap between the grand nuclear and Qattara plans that "the big one" round the corner should take second place to conventional development.

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Chris

of credits—most farmers and one crop grower—have been left out of the most of the reason returned—has been inadequate.

Loans from agricultural credit banks fell 16 per cent. last year. With this in mind a first draft Bill went through the People's Assembly last month to establish a system of village banks to be introduced in the framework of a Soviet Union of Agricultural Credit Banks. The Agricultural Credit Bank is intended to function as a central bank while an eventual 3,000 village banks will make and collect loans at local levels.

While successive political makers—and especially his first turnover in Agrarian Ministry—were not hesitating to examine the administrative faults in the system are pushed off stage by the waterlogging

g pot c  
projects

production and remedial drainage puts up costs, these improvements have become crucial. One agricultural official commented "Wastewater is sold for the rest of the agricultural sector. The studies are valuable if you don't deal with water tables."

But each year the seriously waterlogged areas are growing. The World Bank assisted project for almost 1m. feddans in Lower Egypt and on third-hand areas in the Nile Delta have fallen behind schedule. A large extension to the World Bank's drainage programme is shortly to be announced but an expanded com-

programme is shortly to be taken up, but an expanded commandment will be an even greater strain on Egypt's money and manpower resources.

In 1974 only 83,000 feddans had new drains compared to 200,000 feddans a year, which need to be drained under different projects. Most disturbing is the possibility that drainage could suffer in the cotton sector being imposed on agriculture in the 1978-80 period, with Egypt, now a net agricultural importer, is spending more waterlogged areas to produce less.

M. J. H. H.

	1974
	<u>£</u>
4.161	92.772.671
5.542	11.398.367
2.946	1.070.207
5.821	147.961.950
5.998	3.320.879
0.984	742.177

7.347	257,484,271
0.343	189,780,042
8.048	

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*Managing Director*

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audit. We have  
proper accounting  
prepared in due time  
at 30th November.  
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affairs as at 31st  
uch information to

**Hazem Hassan**  
*(C.A.) (England)*

<u>1974</u>	
<u>£</u>	
5.931	21.245.189
5.746	1.833.913
<u>1.677</u>	<u>23.079.082</u>
<u>                    </u>	
3.574	3.649.899
4.300	72.091
<u>7.874</u>	<u>3.718.990</u>

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3.574	3.649.899
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STATUTORY RESERVE	428,257	364,692	PROFIT FOR THE YEAR ENDED		
DIVIDENDS	1,000,000	625,000	31st DECEMBER, 1975	4,283,574	3,644,896
BOARD OF DIRECTORS' REMUNERATION	30,000	30,000	PROFIT BROUGHT FORWARD	14,300	72,090
ADDITIONAL DIVIDEND	400,000	125,000			
GENERAL RESERVE	2,400,000	2,580,060			
BALANCE (Carried forward)	39,517	14,300			
	<u>4,287,574</u>	<u>3,718,999</u>		<u>4,287,574</u>	<u>3,718,999</u>



## EGYPT XII

# Tourism a major earner

THE ALLURE OF the Nile, its 5,000-year history, and a warm and sunny climate have combined to make Egypt an important tourist destination, and to make tourism a major source of income. In 1975 nearly 800,000 tourists visited Egypt and spent an estimated £286.5m. For a country in desperate need of hard currency that is a significant sum.

Although tourism has been growing rapidly, it is restrained by lack of facilities. Getting a hotel room in Cairo is a test of power and status. It is not uncommon for a tourist to arrive at one of the best hotels and find that somehow his reservation has been "lost."

The shortage of hotel rooms is so serious that Egypt is concentrating its 1976 promotion campaign on attracting investors, not tourists.

Egypt has adopted an ambitious plan to build new hotel facilities, largely in partnership with foreign chains. In line with the two-year-old "open door" policy of encouraging foreign investment. By 1980 it hopes to have tripled its hotel capacity and increased tourist revenue to £240m. The Ministry of Tourism estimates that there is already a demand for hotel rooms twice that which can be accommodated, and that this unsatisfied demand will double by 1980.

Despite the drop in tourist numbers, the Ministry of Tourism estimates that there is already a demand for hotel rooms twice that which can be accommodated, and that this unsatisfied demand will double by 1980.

## Hotels

One short-term step to improve the situation in Cairo is to direct some international flights to Aswan, where the room shortage is not so great. Previously all flights had to land in Cairo. In addition to building new hotels in Cairo, Luxor and Aswan, Egypt is planning to create whole new resort cities. One, near the Giza Pyramids outside Cairo, will eventually have accommodation for 40,000. Construction is scheduled to begin next month.

The concept of a resort city is also to be applied to a whole

new area—the Mediterranean coast between Alexandria and Libya, where Egypt claims lie the most beautiful beaches in the world. Another area with tremendous tourism potential is the Red Sea coast, which was a tourist resort area before the 1967 war. Despite the cooling of tensions with Israel, that is still considered a military area and will not be redeveloped for tourism in the near future, officials say.

Even with the space limitations, the number of tourists visiting Egypt has grown steadily over the past 10 years, except for 1975 and 1976, the years of the war with Israel. Between 1974 and 1975 the number of tourists increased by 17 per cent, from 679,000 to 793,000. However, they stayed an average of two days fewer, meaning that there were 5.85m. "tourist nights" spent in Egypt in 1975 compared with 6.29m. the year before.

Despite the drop in tourist numbers, the Ministry of Tourism estimates that there is already a demand for hotel rooms twice that which can be accommodated, and that this unsatisfied demand will double by 1980.

Arab tourists constitute over half those coming to Egypt, particularly in the summer months when the weather is hot in Cairo but much hotter still in Riyadh and the Gulf. For many Arabs, Egypt with its nightclubs, gambling casinos and female companionship is a wonderland forbidden in their own countries.

The Arab tourists, with their oil-money pockets, are particularly sought after by the Egyptians. A special hotel is being built in central Cairo for them. It will have 200 suites, each with its own dining room, for the conservative Moslem women who do not eat in public.

Yet some economic specialists have contended that Arab tourism is a mixed blessing for

Egypt. One source says there are 250,000 Arabs living in Cairo. Though counted as tourists, they really live in apartments, the income of which goes into private pockets, not the Treasury. Trading on the black market and living loosely, these "tourists" actually have a negative economic and social effect. It is contended. They occupy living space dearly needed for foreigners involved in outside investment in the country.

For the first three months of 1976 tourist numbers increased by 35 per cent, according to the Ministry of Tourism, with a total of 1m. forecast for the year if the same trend continues.

## Expanded

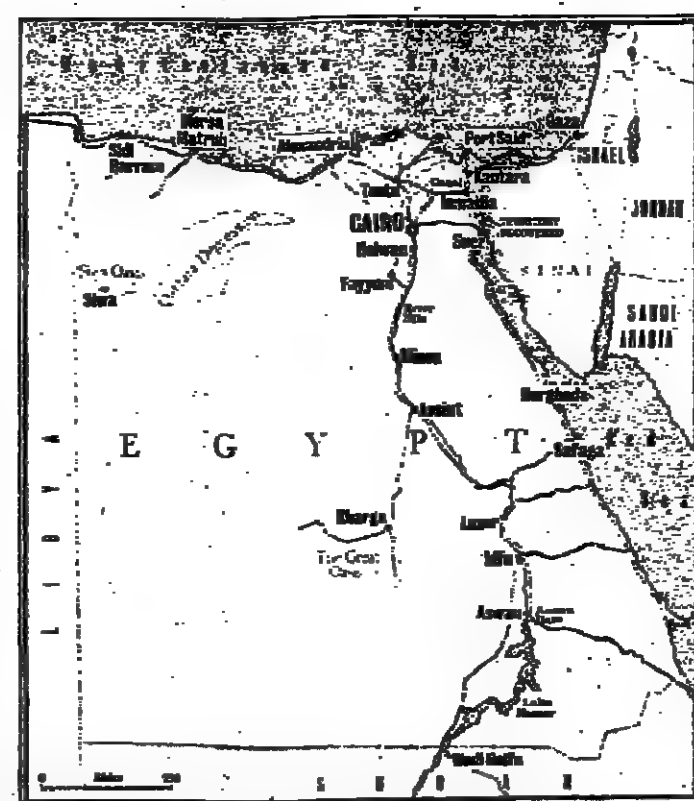
In Cairo the French hotel, the Meridien, opened a year and a half ago and the Mena House Oberoi was expanded, with further expansion still taking place. In Luxor a new luxury hotel, the Karnak, opened this year with 300 rooms, and another 300 rooms are to be completed next year. The Karnak is a joint venture between Egypt and the French company Wagon Lits. Wagon Lits is also planning a 1,090 bed hotel in the central Tahrir Square.

Already under construction in Cairo is the \$35m. Marriott Palace in Zamalek, an island in the Nile in the heart of Cairo. It is being built next to the Omar Khayyam, one of the oldest hotels in Cairo. It will be renovated and become a casino, restaurant and nightclub for the new hotel. Work will take another three years.

The existing Nile Hilton and Sheraton Hotels are both scheduled to be enlarged, and a new Hilton is to be built not far from the present one. Another Hilton is proposed for Port Said on the Suez Canal. The Semiramis Hotel on the Nile is in the process of being demolished, to be replaced by

a 840-room Intercontinental at a cost of \$40m. Four floating hotels—elaborate cruise ships—have been commissioned with American Express and Wagon Lits. Presently it is necessary to book a Nile cruise a year in advance.

A resort city near the Pyramids, to be called Pyramids City, is to be constructed by a Hong Kong company, Southern Pacific Properties, in partnership with Egypt. It is reckoned to cost \$460m. The first phase, scheduled to be completed in two years, will have 400 hotel rooms, 600 villas and 600 apartments, to be constructed in "classic desert style" around an 18-hole golf course designed by Bobby Trent Jones in the shape of the pharaonic key of life.



scale on the Mediterranean at Mersa Matruh. The Egyptians are talking with French companies about still another resort city on the Mediterranean.

The completion of these projects will still leave Egypt far short of the facilities it needs to fulfil its 1980 goal of £240m. in tourist revenues. There does seem to be a large number of foreign investors interested in Egyptian tourism. But little is being done, because the funds are not available, to boost the basic attractiveness of Egypt to the tourist. It is a bewildering place for a newcomer to manage.

Some of its main attractions—the mosques, even the Egyptian Museum—are very poorly maintained, in some cases falling apart. Before Egypt can realize its full potential as a tourist resort a great deal of money will have to be allocated to rebuilding and maintenance.

In a country where every Egyptian pound can be used for a dozen badly needed projects, some economists question the emphasis now being placed on tourism. To what extent, they ask, has Egypt weighed the profit and loss accounts for the tourist programme—the high cost of imports for tourism compared to other industries?

Canal logistics have changed since the 1967 closure. Development of supertankers means that four fifths of the world fleet's tanker tonnage cannot be sent through the Canal. Before closure 70 per cent of tanker tonnage was made up of vessels smaller than the critical 60,000 tons.

Suez Canal Authority Chairman, Mashour Ahmed Mashour, has launched into the task of win-

# Suez traffic growing fast

PTOLEMY II. reopened the ancient silted canal system joining the Red Sea to the Mediterranean in 285 BC. The canal, was still able to pass through the Bitter Lakes to an eastern branch of the Nile, then caused a boom in the region as Arabian and Persian traders regained access to the Mediterranean. Clyma, as the Greeks called the Suez, prospered and swelled.

Modern Suez, its 150,000 people bustling in the battle-braided city, is due for a similar expansion in the next few years. Reconstruction plans, well under way since the reopening of the modern Suez Canal a year ago, allow for a vast expansion in industry and jobs. Tailored to a projected population of 1m. after 25 years.

The Suez expansion, and that of Ismailia, Port Said and the entire region, is focused on the 108-mile waterway. The Suez Canal's impetus relates not just to the economics of \$400-500m. in hoped-for tolls this year and the host of canal-related industries. The boost to Egypt is political and psychological as well.

Passage of Israeli bound cargoes is proof of President Sadat's sincerity towards Egypt's agreement with Israel. The opening up of the Suez Canal zone is strategic evidence of Egypt's peaceful intentions.

The Canal is also a springboard for the development of long neglected Sinai where the first development feelers are projects for three tunnels under the waterway and reclamation plans in Sinai's north-west triangle.

Canal logistics have changed since the 1967 closure. Development of supertankers means that four fifths of the world fleet's tanker tonnage cannot be sent through the Canal. Before closure 70 per cent of tanker tonnage was made up of vessels smaller than the critical 60,000 tons.

Suez Canal Authority Chairman, Mashour Ahmed Mashour, has launched into the task of win-

ning back oil traffic. The economics of the shorter journey brought back dry-cargo traffic since most dry tonnage was still able to pass through the Canal. Tolls were calculated with an eye fixed on tanker traffic. Work began immediately on a development programme which after seven years will permit passage of 250,000 tonners fully laden—direct competition for the South African route to Europe.

Stage I will be finished in three years. The Japanese Petroleum Company started cutting, and dredging work in the most difficult section near Suez in February. The Italian Company Vianini is deepening the Suez entrance channel. The contracts for dry excavations are Egyptian, while international tenders are to be decided shortly. In 1979, a 53 foot draft will allow passage of fully laden 150,000 ton vessels and very large crude carriers (VLCCs).

Long term expansion plans are the subject of two recently completed reports from French and British consultants. Details have not yet been revealed, but the emphasis on oil traffic is considered sound because of the unchanging relationship between Middle East oil producers and European consumers.

Authority planners are confident that there will be enough oil traffic both for the expanded Canal and the SUMED pipeline due to be finished this year.

SUMED was conceived in 1968 to offer a cheaper oil route for Mediterranean-bound Gulf crude. Its Ain Sukhna Gulf of Suez terminal is designed for 270,000 ton tankers and the twin 42 inch pipes will pump 80m. tons of crude to Sidi Kreir.

Controversy (at one time SUMED's profitability and effect on Canal revenues were the subject of hot debate) has become muted as the pipeline

nears completion. The Arab Pipeline Company (SUMED) predicts that Egypt will net \$50m. from its half share in the company and from royalties. While the Suez Canal Authority maintains there is enough oil traffic for everyone, a "son of SUMED" debate is looming in the form of a proposal for a SUMED 2 pipeline from a Saudi backed finance corporation.

Signs that Mr. Mashour's faith in oil traffic may be paying off have been evident in the past three months. A recent 200-tankers used the Canal in April, pushing tanker tonnage beyond 5m. Suez Canal net tonnage in May rose to 221 tankers, topped 5m. tons. Tankers accounted for 15 per cent of traffic by number of vessels, but they have taken the prime slice of tonnage since April, more than 40 per cent—1.5m. more than general cargoes in May.

While tankers are turning back to Suez, container vessels which were not a key factor eight years ago but now account for a critical slice of tonnage have failed to come. The Suez Canal Authority is maintaining a 10 per cent surcharge on these ships, which has kept the major container lines away. The container lines say the charge is unfair, because they deck cargo is counterbalanced by the cellular vessel structure. Only 37 container ships passed in May and vessels continue to use the Cape route.

But revenues are rising. Net earnings in the six months of last year were \$75m. But daily tonnage is five times that in June 1975 and with May transit averaging 46, first quarter tolls this year topped \$325m. (more than \$60m.). Earnings in the first 12 months of operation were about \$230m., suggesting that projected revenues estimated in the State Budget of \$220m. for 1976 are not at over-optimistic as at first sight.

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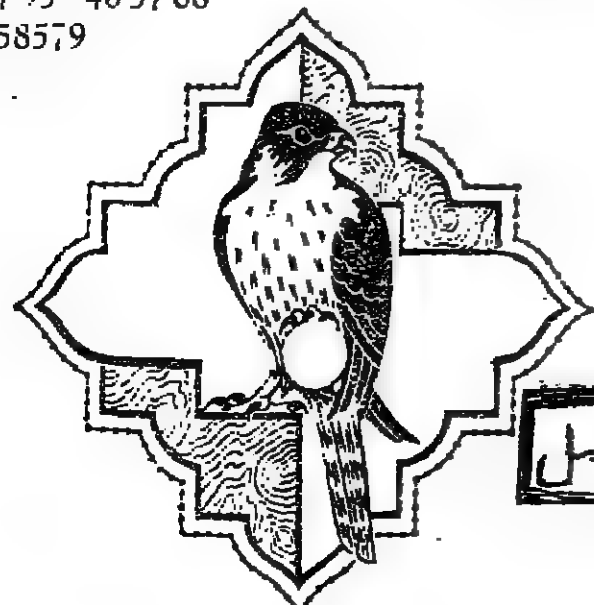
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# Wanted: scientist-at-large in Whitehall

GRUMBLING has been a feature of the passing of time in the world of science. This week sees the passing of a feature of government in which has continued since early this year. With the retirement of Robert Press, a deputy secretary in the Cabinet Office, Prime Minister loses his personal source of scientific advice. He is the last in a long line of scientific advisers to Government. The last was as famous as Lord Cherwell, Sir Henry Tizard and Lord Catterall.

A statement last month the government confirmed what scientists suspected—that no new Chief Scientific Adviser was to be appointed. Instead it proposed to recruit a top scientist to the Central Policy Review Unit, headed by Sir Kenneth Robinson. It also proposes to set up a new committee concerned with research, under chairmanship of Lord Catterall, to advise on the future of scientific research in government—with Sir James Dainton, research director of the Science Research Council, as its deputy. It is world of science is not pleased. It sees the changes as a demotion for science, a status, for it no longer has the ear of the Prime Minister. What is more, it is a time when the scientific establishment has been in the White House for three years, when it abandoned its science secretariat, and to appoint a Chief Scientific Adviser to the President.

It is the more important question is whether the quality of government will suffer. At the advice of a Chief Scientific Adviser can provide a brief of fact and fairly dispassionate analysis into which Government can weave the

## Oversold

But the examples Sir Alan offered were less convincing than his own depth of feeling. A Chief Scientific Adviser could speak on behalf of industrial science and technology might help to reverse the drift of scientists and engineers away from U.K. industry. It could prevent central government from becoming oversold on some new and very expensive technical project, or from interfering unwisely in the technological side of industry.

"More fancifully," as he put it, the Government might be faced with a major epidemic of rabies and would then have to handle an awkward mixture of science and politics that would not fit easily into a single research council or ministry. Although a Chief Scientific Adviser would probably know little about rabies, he would know his way around Whitehall and would know how to get the best scientists to work both inside and outside Government.

But would he? Very few scientists ever get to know their way around Whitehall in any



Luminaries of British science: Lord Zuckerman, Sir Brian Flowers, Sir Alan Cottrell and Dr. Walter Marshall.

thing but a highly circumscribed manner. Lord Zuckerman, one of the few, rifled many papers for the facility with which he penetrated and influenced the machine. Nevertheless, his advice was appreciated not only by Sir Harold Wilson, who first conferred on him the title of Chief Scientific Adviser, but also by Mr. Heath when he came to office in 1970.

His successor, Sir Alan Cottrell, who retired in 1974, approached the role in a quite different manner. His more academic style was to gather the relevant data and return to his "ivory tower" to make his analysis. Sir Alan left Whitehall deeply frustrated at his failure to influence the machine on what he sincerely believed were major issues. Indeed, he was palpably more influential in some respects—his 1974 letter on nuclear pressure vessels, for example—after retiring from office and returning to

Cambridge. This has led some cynics to suggest that the Chief Scientific Adviser should be quite calculatedly a short-term appointment—an idea unlikely to commend itself to Whitehall or government.

But the sad fact remains that during the short tenure of Sir Alan Cottrell the progress made since World War II, notably by Lord Zuckerman, to get science accepted as part of the decision-making process, was partly reversed, at least at the level of Chief Scientific Adviser. One can only speculate upon the influence of such factors as the formidable presence of a distinguished scientist Lord Rothchild, as first head of the "think-tank," the continuing presence of Lord Zuckerman as a permanent presence in the Cabinet Office; and the appointment of scientific advisers to several Whitehall departments which, hitherto, had employed scientists only at much lower levels.

It is not the function of scientific advisers in Govern-

ment to teach their masters about science," Lord Zuckerman has said. "The main contribution scientists can make is to know where to seek advice and when to reject advice."

**Security**

At the top this adviser has in the past mainly and sometimes almost exclusively been concerned with national security. In the 1950s energy—particularly nuclear energy—began to loom larger. But with eminent scientists at deputy-secretary level in such departments as defence, energy, industry, health, agriculture, etc., the need for independent advice tended to be narrowed to issues involving two or more departments, including international relations in such matters as pollution and nuclear exports.

On the rare occasions when Dr. Robert Press called together the committee of departmental scientific advisers, he would find himself chairman of a group

which personally commanded a total research and development budget exceeding £250m. His own resources amounted to a science secretariat of about six. One way of seeing the role of Chief Scientific Adviser is as a court of appeal for the scientific community, say in the event of "demonstration disputes." Let us suppose that the Departments of Industry and Energy were quite unable to agree which should be supporting long-term research in offshore resources; or that Environment believed that Energy was spending too heavily on research that could increase pollution and too parsimoniously on the "benign and renewable" energy alternatives. Or let us suppose that the scientists believed the Government was calling on them for a disproportionately large contribution towards its civil public spending.

In fact, although the overall science budget is certainly no longer growing at the rate it grew in the 1960s, it is still growing. Mr. Fred Mulley,

Secretary for Science and Education, disclosed recently that the five research councils which answer to his department would have a budget totalling £260m. this year—2 per cent. higher in real terms than last. As for the national laboratories which, under Lord Rothchild's famous prescription for control of research, can be dispensed at the director's discretion, this freedom has been described enviously as a "pork barrel run by the pigs."

In the U.S., on the other hand, there is evidence of a genuine threat to the freedom of science in what appears to be direct political interference with the "pork barrel" and the basic freedom to fund research on the scientific merits of the proposals put forward. For the past year or more U.S. politicians—most notoriously Senator William Proxmire with his "golden fleece awards"—have won cheap publicity by ridiculing research projects. One scientist recently hit back with a \$6m. suit alleging libel for a Press Release from Senator Proxmire that said: "The good doctor has made a fortune from his monkeys and in the process made a monkey out of the American taxpayer."

In another, the so-called "sex-pot" case, first the House of Representatives and then the Senate cancelled funds for an investigation of the effect of marijuana on sexual performance, even though the proposal had twice successfully navigated the scientific review panel.

"Why not a Chief Engineering Adviser?" a well-known U.K. engineer asked recently. Certainly on the evidence presented—including that of Sir Alan Cottrell—a Chief Engineering Adviser would be more relevant to the U.K.'s problems; although few would bet on the chances of agreement

between the engineering institution as to which type of engineer should fulfil the role. But one basic problem remains, no matter whether the adviser is technologist or scientist (or which kind of scientist—a zoologist like Lord Zuckerman, or a metallurgist like Sir Alan Cottrell). That problem is where to recruit the man who will be more than just a figurehead for science—which some suspect is what the scientific community wants first and foremost—but will penetrate and influence Whitehall, yet will retain his credibility as a dispassionate source of scientific advice.

## Out of favour

There may be no more than half-a-dozen prospective candidates in the country. Sir Brian Flowers, chairman of the Royal Commission on Environmental Pollution, is one but appears to be out of favour with Government for his somewhat flamboyant attempts to tender advice in areas—such as the fast reactor and radiation—in which they believe they are already adequately advised. Another is Dr. Walter Marshall, chief scientist at the Department of Energy, although at 43 he may not yet have won either the confidence of the scientific community or the experience of Whitehall. Older men who have both attributes include Lord Rothchild and Sir Frederick Dainton, chairman of the University Grants Commission. Before it attempts to criticise the Government's rather clumsy re-arrangements in replacing the Chief Scientific Adviser—as it surely will do at its hearings next week—the Parliamentary Select Committee on Science and Technology needs first to be clear what it expects from the post, and who it believes might successfully fill it.

## Letters to the Editor

### Occupational pensions

Mr. L. Cleminson.

I hope that all employers who have employees who have or are members of occupational pension schemes will consider the proposed legislation before it is too late, for views to influence matters. Following points, in addition to your editorial and pension respondents' comments (June 16), should feature in the discussions.

There are many pension trusts which hold and administer a variety of pension schemes under individual trusts. These may cover employees of one or more employers, and may be of one or more types, such as defined benefit, defined contribution, or cash balance. No trustee, as such, can resist a portion of benefits, but must impartially administer the trust, as laid down in the deed (including rules for the payment of benefits). There is no position of benefits negotiator can be, he is there to administer the trust. Pensions are now generally regulated by both unions and employers, as part of the pay package, and as such, appropriate regular bargaining negotiations on which recognised unions already have legal status. The pension trustee is as such, on these negotiating terms.

There is certainly no reason to encourage employee participation, at all, provided that at the trustee level they know and accept constraints and duties of trust. Participation should preferably be by employee members of the scheme rather than nominees on an outside body.

submit. It is the trustees' responsibility to communicate with the beneficiaries, not vicariously through an outside body. Such body might "advise" a members' committee, however. I certainly look much greater participation in the future, but not the kind of involvement in the White Paper which I regard as pernicious.

P. Cleminson, Administration, Industrial and Management Services, St. Stephen's Lane, E.C.4.

economic changes (notably inflation of course). Indeed these other changes arose from, for instance, subsidy commitments undertaken by the previous Conservative administration, and would almost certainly have been incurred whichever party had been in power.

In attempting to save £350m. by "putting council house sales back to 1973 levels" Mr. Rogaly has forgotten that the net saving from sales is negligible, whatever their other merits, because most sales (say four-fifths) have to be refinanced on council mortgages—thus making little appreciable difference to the overall total of public expenditure on housing. It is difficult to take at its face value Mr. Rogaly's suggestion of "stopping building new council houses" (1976-77 value £1.5bn.) at a time of chronic unemployment and slack in the economy even if it were physically possible to stop two-thirds of new council houses "next year" that is in mid-stream.

On housing subsidies Mr. Rogaly missed the opportunity to expose a serious dilemma. He is correct in showing that the Exchequer (whether Conservative or Labour) would have made little difference) has been loaned initially a virtually unlimited commitment to subsidise inflation—but he did not say that this embarrassment has happened to a similar extent in both the council and the owner-occupied sectors. The total housing subsidy bill in both these sectors alone will have grown this year to some £2.2bn. or the equivalent of some 13 per cent. of all income tax revenue. If the recommendations of the all-party Commons Expenditure Committee report on public expenditure are accepted, both these types of subsidy will in future be shown in PE figures, so making comparisons easier. Mr. Rogaly might have made clear just how it will be physically possible to stop two-thirds of new council houses—both these subsidies—for that is still including all three main political parties.

Bernard Kilroy, 104, Princes House, Kensington Park Road, W.11.

### Measurement of productivity

From Mr. C. Morton.

Sir,—I would agree with Mr. K. Swann (June 24) on the problems of measuring productivity, even within one apparently homogeneous industry and would like to illustrate the point.

Seven years ago I conducted a productivity evaluation of various plants. The survey revealed where corrective action was desirable, yet it failed to provide a fully satisfactory productivity yardstick.

The "value added" criteria made sense—when comparing similar activities between two sites, where one purchased more raw materials and even adjusted account of plant costs. In another instance, a very substantial portion of the added value was created by design engineers, thus again distorting the picture, particularly if the "learning process" for a project took place in an earlier period. I could give further examples influenced by the state of demand but it was never possible to quote a truly meaningful figure for various

rules/values, without some qualification.

I would therefore suggest that the best indicator for efficiency is still the surplus—after all costs and provisions have been allowed for—which used to be called profit, before that term fell into disrepute. All other indicators are no more than guides and if one attempts to use these in an ultra-sophisticated manner the results are frankly misleading.

C. P. Morton Associates, 142, Arkwrights, Harlow, Essex.

### Life assurance commission

From Mr. A. Le Blanc.

Sir,—I read with considerable interest the letter from Mr. E. D. Sarras that appeared on June 17. It does seem to me that the initial decision of the Life Offices Association to alter the commission structure did not take into account the possible repercussions to employment in the life assurance broking industry. There are many small brokers up and down the country who do not belong to any insurance broking organisation, mainly because these organisations have tended to be more representative of motor and general insurance brokers. The Life Offices Association has accepted the views of these broking organisations, the majority of whose members have no real interest in life assurance at all.

There is no doubt in my mind that it will be increasingly difficult for a member of the public who requires professional representation to find it if premium related commission comes into force. This could mean that the young man with slender resources will have to rely upon advice from a representative of one of the life offices which could never be classed as impartial and this could well result in a lot more people being sold unsuitable factory policies due to the fact that the representatives have substantial new business targets to meet.

It seems to me that the main reason why the Life Offices Association started to think of a different basis was due to the fact that a few "fringe brokers" have been selling the wrong type of life assurance contract to the wrong type of person. Surely the answer here is that all the insurance companies should be more selective over who they grant agencies to instead of setting their representatives further annual targets for the appointment of new agents. If you try to empty a barrel completely you are bound to end up with some dregs.

My own suggestion is that the Life Offices Association leaves well alone and keeps its overall commission bill on the present basis. Instead of choosing a scheme that is allegedly going to cost them more to the detriment of not only the life assurance broking industry, but to the general public as well.

Anthony Le Blanc and Partners, 62 High Street, Knaphill, Woking, Surrey.

### Metrical muddle

From Mr. P. Hill.

Sir,—The recent letters criticising metrical muddle reveal an interesting attitude though not

a new one for us. It is that, in Britain, wealth-creation still rates a low priority. If not, we should be doing our utmost to help our industries to compete in the world by not retaining a mixture of our quaint units and the more rational SI units in the home market, Australia, Canada, South Africa—all managed to make the change expeditiously, so we cannot justify the delay and consequent muddle here just by being English-speaking.

A parallel case is that of right-hand driving on roads: Sweden has the most prosperous car manufacturing company in Europe, and Sweden changed to right-hand driving in a week-end. Such a change, it seems, is quite beyond us.

Decimal currency is not a good basis for arguments about metrication, since everybody realises now—as most did at the time—that retention of the sacred £ 10 to please the City was folly; and anyway, decimal currency was not concerned with measures, as metrication is.

If Joe Rogaly's reasonable statement (June 15) is a sound one, where have your correspondents on the subject gone wrong? Country clergymen may cling to the habit, the horse-racing fraternity to the hand, and regular boosters to the pint (though they probably need a litre of to-day's beer to get the same effect); but the ordinary shoppers like myself—and I meet many—are all saying that the present muddle is intolerable and decisive action is overdue.

The Scottish housewife (June 23) had better learn that they will not need a wide range of spanners in future, when doing their mechanical repairs, unless they succeed in delaying the metric change; and that metrication is about measures, not counting, so it has nothing to do with packing in dozens.

One echo from the earlier discussions about decimal currency is relevant. It is the question one old lady is said to have asked at that time: "Why couldn't they have waited until all the old people had died?" We have trained a generation of young people in SI units, and now they are having to learn imperial at work (if they find work in our stagnant society) from their ossified elders. It is not bureaucracy we have to fear in this instance, but gerontocracy.

Peter Hill, "Adlestrop," 61, Church Street, Evesham, Worcs.

### Historic houses

From Mr. G. Levy.

Sir,—Mr. Hugh Leggatt's timely warning (June 24) of the hideous dangers facing our historic houses if the Treasury insist in this year's Finance Bill that maintenance funds can only be exempted from Capital Transfer Tax if they are renounced irrevocably by the settlor underlines the shocking, short-sighted and philistine attitude of the present administration. Is there not some body or other concerned with our historic houses and their problems who will make some public statement without a moment's delay in support of Mr. Leggatt's stand?

George J. Levy, H. Blatman and Sons, 115, Mount Street, W.1.

## To-day's Events

**GENERAL**  
Second day of economic summit meeting of seven nations in Puerto Rico.  
Seychelles becomes independent as a republic in the Commonwealth.  
Mr. Pierre Lardinois, European Common Market Farm Commissioner, visiting drought-stricken areas of France at the invitation of the French Government.  
White House Authority annual report.  
Sir Lindsay Ring, Lord Mayor of London, attends luncheon with president and committee of the Overseas Bankers' Club, 7, Lombard Street, E.C.2.

**Greater London Council** general purposes committee meets, County Hall, S.E.1.  
Mrs. James Callaghan and Mrs. Anne Armstrong, U.S. Ambassador, formally open U.S. Furniture and Furnishings Exhibition, U.S. Trade Center, W.1.  
Financial Times three-day conference "Asian Business Briefing" opens in Bangkok, Thailand.  
**PARLIAMENTARY BUSINESS**  
House of Commons: Emergency debate on lack of confidential Cabinet papers. Debate on child committee.

**COMPANY RESULTS**  
Allied Retailers (full year), J. B. Eastwood (full year), SGB Group (half-year).  
**COMPANY MEETINGS**  
See Week's Financial Diary on Page 30.  
**CITY LUNCHEON MUSIC**  
Piano recital by Vikin Seow, St. Lawrence Jewry next Guildhall, Grosvenor Street, E.C.2, 1 p.m.  
Organ recital by Marcus Sealy, St. Michael Cornhill, 1 p.m.  
Recorded music, All Hallows by the Tower, 1 p.m. Recorded music, St. Maryle-Bow, Chesapeake, E.C.4, 1.05 p.m.

# Fair weather ahead

All forecasts indicate that the weather for Thessaloniki, Greece, from the 5th to the 19th of September should be fair indeed. Trade-fair weather for a fair that's growing every year. This year 4,000 exhibitors will be waiting to show you their products. Visitors from all over the world will be there for business and pleasure. A record year is expected.

So let's get together, exchange ideas, make plans, study the market, socialize. Let's make it a small world—just the size of our fair grounds, 5th to 19th of September. Thessaloniki, Greece. For sure the weather will be fair.

Please send me your free illustrated brochure and Tourist's Guide.

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41<sup>st</sup> THESSALONIKI INTERNATIONAL TRADE FAIR  
5-19 SEPTEMBER, 1976

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# COMPANY NEWS

## Norcros profits over £2m. ahead at £12m.

REFLECTING an upsurge in the second half, profits of the industrial group Norcros rose almost £2m. to £12.08m. in the year ended March 31, 1976. The second half produced £7.38m. compared with £5.58m. in the corresponding period of the previous year.

Group sales advanced by £23m. to £153.91m., with a big percentage increase coming from overseas. Earnings are shown at 11.02p (9.83p) per 25p share, and the final dividend is the promised 2.1p for a 3.6p net total on capital increased by the August rights issue, against 3p. The rights and a debenture stock placing raised some £9.37m.

The group's activities cover construction (Crittall windows, double glazing, cavity wall insulation, etc.), consumer (Hydens and White Space furniture products), engineering and printing and packaging.

Group sales	1975-76	1974-75
United Kingdom	122,743	103,110
Exports U.K.	116,742	103,110
Overseas	31,168	10,800
Non-current	1,000	1,000
Investment income	651	271
Interest payable	1,279	2,518
Profit before tax	12,080	8,500
Taxation	5,791	4,960
Profit after tax	6,289	3,540
Preference div.	110	102
Ordinary earnings	6,179	3,438
Extraordinary	25	102
Dividend	1,061	1,211
By attached	3,564	3,339
Credits		
Group resources at end-March	£21.12m.	£21.00m.
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See Lex

## Leaderflush net loss £57,000

After exceptional and extraordinary items, and tax, Leaderflush (Dunro) has incurred a net loss of £57,000 in 1975, compared with £4,466. Exceptional charges include a £10,000 payment on the termination of the directorship of Mr. W. H. Reeves.

Profit before tax and extraordinary items was £2,384 (loss £53,986). Earnings are given as 0.49p (deficit 0.25p); there is no final dividend, leaving the 0.325p net interim as the year's total (0.325p).

Looking ahead, chairman Mr. C. Simon says the company is poised for modest expansion. The upward trend in door production, which continued in the second half of last year, has carried into 1976.

So far as the acquisitions of W. H. Reeves (Timber) and W. H. Reeves (Office Furniture) are concerned, Mr. Simon says it would be inappropriate to go into greater detail at this stage because of the proceedings pending against Mr. Reeves.

As a measure of prudence, the Board has made full provision in the accounts against all trading and advances in the course of operating the Pontefract factory. It believes the factory will be making a useful contribution to profits by the end of the year.

## DIVIDENDS ANNOUNCED

	Date	Current payment	Corr. of sp. of year	Total last year
Leaderflush	Aug. 3	2.1	0.34	0.34
Norcros	Aug. 3	2.0	0.36	0.36
Somic	Aug. 19	1.18	2.11	1.84

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

## GEI is strongly placed

ORDERS ARE improving and capital expenditure programmes are on target, says Mr. Thomas Kenny, chairman of GEI International.

GEI is an expanding engineering group supplying specialised products to a wide range of industries. As announced on June 9 pre-tax profits for the year to March 31, 1976, rose from £2,304,000 to a record £3,028,000. Profit margins improved, and for every £100 of sales the group earned £3.40p (£3.70p).

The record results include £382,000 profit from Tobenol, acquired in September 1975. The Tobenol companies are full of growth and profit potential in the U.K. and overseas.

He points out that the retention of businesses in the present climate to borrow and invest is due to the problem of profitability. Any new venture should earn at least 20 per cent. on the money employed. The cost of term money will be at least 14 per cent, leaving 8 per cent. for profit if the Government takes a half. "Plainly a reward of 3 per cent. does not justify risks, and there are few industrial projects without a risk element."

An analysis of profit shows (£'000s omitted): Midland Steel product division £1,386 (£1,004); Midland Bright division £388 (£273); special products £361 (£308); packaging machinery £282 (£181).

Group exports, including sales to overseas subsidiaries, were £3,070m. (£3,080m.) comprising, in percentages, Africa 14; Americas 14; Asia 3; Australasia 5; Europe 60; Middle East 4.

Meeting, Dorchester Hotel, W., July 21, noon.

Difficult time for Hunting Gibson

Although a policy of diversification has been pursued by Hunting Gibson the company remains basically tied to the shipping industry which is passing through its worst post-war cycle, says the chairman, Mr. L. C. Hunt.

It is almost certain that over the next year or so the shipping industry will be making trading losses. But in 1976 they will be effectively reduced by the recent sale of Avonfield.

Advance by Continental & Industrial

For the year to May 31, 1976, pre-tax revenue of Continental and Industrial Trust was £1,480m. against £1,310m.

Dividends totalled 3p net (4.5p) with a final of 3.4p (2.0p). Earnings per 25p share rose from 4.68p to 5.12p while net assets per Ordinary stood at 219.7p against 193.3p, including 31.2p (41.2p) in respect of the full investment currency premium.

CHLORIDE GROUP

Chloride Group has issued a further 2.45p ordinary 25p shares following the settlement of a claim which was outstanding against Industrial Instruments, whose capital Chloride acquired in April.

## Readicut new record levels

WITH THE Group in "excellent shape" and confident that it will benefit from the expected upturn in world trade, Mr. P. Newhouse, chairman of Readicut International, says capital expenditure of about £2m. is being considered in addition to providing further working capital during the current year.

This follows the spending of £1.8m. during the year to March 31, 1976 and is based on the view that eventually Government will have to remove disincentives. All undertakings have been examined to reduce the considerable increase in costs and expenses and to improve efficiency and profitability.

The directors are constantly exploring avenues for profitable growth provided they do not clash with the group's main interests.

As reported on May 20 group pre-tax profit increased from £4,146,308 to a record £5,599,844 for 1975-76, and the dividend in 1976 rose from 1.04125p to 1.135125p net.

The newly-acquired Plasticisers Group should strengthen further the product diversification within the group and provide additional growth prospects. It is expected to make a useful contribution to profit in the current year.

In textiles an increase in profit is expected. It is possible that using in terms manufacturing will be more difficult but prospects for exports are good and management is making efforts to increase the division's share of the market for wool yarns.

The car and manufacturing division should at least maintain the past year's level of profit.

Prospects for other manufacturing divisions are bright with each company expected at least to maintain the 1975-76 profit levels and with some confident of obtaining satisfactory increases.

Consideration will be given during the current year to the financial structure of the overseas companies where the company is benefiting from rental deduction. Cash resources are generally strong. Furthermore, planning permission has been received in Vancouver for a 30-storey joint-development of 248,000 square feet lettable space, basically tied to the shipping industry which is passing through its worst post-war cycle, says the chairman, Mr. L. C. Hunt.

It is almost certain that over the next year or so the shipping industry will be making trading losses. But in 1976 they will be effectively reduced by the recent sale of Avonfield.

Country and New Town rent growth

GROUP RENTAL Income of Country and New Town Properties is now running at a rate of £3.04m. per annum against £1,387,000 for the year ended January 31, 1976, and £1,183,000 for 1975-76.

On rental income, overseas subsidiaries are now contributing three-quarters of the total figure and producing an estimated annual profit of around £400,000.

Chairman, Mr. G. M. Newton, says while economic conditions at home are uncertain, strength and potential lies in the overseas subsidiaries which are well spread and account for over 50 per cent. of our property portfolio. For this reason alone "I hope to be able to report favourably on the current year," he declares.

The investment in Commonwealth Realty Trust in the U.S. continues to prosper and the outstanding commitment for a further 50,000 shares at a beneficial price has been taken up ahead of time.

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## UDS now showing revival signs

WITH THE exception of men's tailoring, the second quarter of the current year of UDS Group is showing an improving trend, reports the chairman, Mr. S. Lyons. The first quarter sales had been disappointing compared with the generally more buoyant conditions and the exceptionally high sales generated last year by pre-VAT buying.

However, he cannot forecast accurately the year's results but is in no doubt the Group is ready to take full advantage of any general improvement in trading conditions. As an investment in the future, the directors continue to expand selling outlets whenever suitable opportunities arise.

In the year ended January 31, 1976, the menswear multiple chains suffered a severe drop in demand, which led to the closure of two of the seven factories with all the attendant costs involved. In several of the other businesses, lower margins and the continued increase in operating expenses adversely affected the performance. As reported on May 22 profit before tax fell by £7.55m. to £18.15m. on a turnover of £234m. (224m.). The dividend is 4.8p (4.012p).

Results absorbed fully the closure of Biberhaus, one of the German interests. There was a £3.64m. net extraordinary write-off and a loss of £384,000. Such losses will not recur; and some £2m. of capital has been released by the sale of the 80 per cent. equity interest in Telstar Colour-Vision.

The proposed EEC recommendations have been anticipated by eliminating the £28m. goodwill from the sheet. Provision has also been made for the potential increased cost of repaying a Swiss Franc loan.

Meeting, 22, Arlington Street, S.W., July 21, 12.30.

Readicut in excellent shape

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# AUTHORISED UNIT TRUSTS

<b>Unit Trust Mgrs. Ltd. (a/b)</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Brands Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>G.T. Unit Managers Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>L. &amp; C. Unit Trust Management Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Mercury Fund Managers Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Practical Unit Tr. Mgrs. Ltd. (a/b)</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>J. Henry Schroder Wagg &amp; Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Target Trust Mgrs. (Scotland) Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p
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## REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is set below with quotations on London. Irish issues, most of which are not listed in London, are shown separately and with prices as on the Irish exchange.

Region	Share	Price
Ireland	Anglo-Irish	100.00
	Bank of Ireland	100.00
	Bank of Ireland (N.I.)	100.00
	Bank of Ireland (S.I.)	100.00
	Bank of Ireland (W.I.)	100.00
	Bank of Ireland (E.I.)	100.00
	Bank of Ireland (N.I.)	100.00
	Bank of Ireland (S.I.)	100.00
	Bank of Ireland (W.I.)	100.00
	Bank of Ireland (E.I.)	100.00
Scotland	Bank of Scotland	100.00
	Bank of Scotland (N.I.)	100.00
	Bank of Scotland (S.I.)	100.00
	Bank of Scotland (W.I.)	100.00
	Bank of Scotland (E.I.)	100.00
	Bank of Scotland (N.I.)	100.00
	Bank of Scotland (S.I.)	100.00
	Bank of Scotland (W.I.)	100.00
	Bank of Scotland (E.I.)	100.00
	Bank of Scotland (N.I.)	100.00

## BASE LENDING RATES

Bank	Rate
Allied Irish Banks Ltd.	10.00%
Anglo-Portuguese Bank	10.00%
Anglo-Spanish Bank	10.00%
Anglo-Swedish Bank	10.00%
Anglo-Turkish Bank	10.00%
Anglo-Venezuelan Bank	10.00%
Anglo-Zanzibar Bank	10.00%
Anglo-Bahian Bank	10.00%
Anglo-Brazilian Bank	10.00%
Anglo-Chinese Bank	10.00%
Anglo-Egyptian Bank	10.00%
Anglo-French Bank	10.00%
Anglo-Greek Bank	10.00%
Anglo-Hungarian Bank	10.00%
Anglo-Italian Bank	10.00%
Anglo-Japanese Bank	10.00%
Anglo-Latin Bank	10.00%
Anglo-Mexican Bank	10.00%
Anglo-Norwegian Bank	10.00%
Anglo-Persian Bank	10.00%
Anglo-Romanian Bank	10.00%
Anglo-Siam Bank	10.00%
Anglo-Soviet Bank	10.00%
Anglo-Swedish Bank	10.00%
Anglo-Swiss Bank	10.00%
Anglo-Turkish Bank	10.00%
Anglo-Venezuelan Bank	10.00%
Anglo-Zanzibar Bank	10.00%

## FINANCIAL TIMES STOCK INDICES

Index	Value
1000 Shares	1000.00
1000 Shares (N.I.)	1000.00
1000 Shares (S.I.)	1000.00
1000 Shares (W.I.)	1000.00
1000 Shares (E.I.)	1000.00
1000 Shares (N.I.)	1000.00
1000 Shares (S.I.)	1000.00
1000 Shares (W.I.)	1000.00
1000 Shares (E.I.)	1000.00
1000 Shares (N.I.)	1000.00

## HIGHS AND LOWS

Index	High	Low
1000 Shares	1000.00	1000.00
1000 Shares (N.I.)	1000.00	1000.00
1000 Shares (S.I.)	1000.00	1000.00
1000 Shares (W.I.)	1000.00	1000.00
1000 Shares (E.I.)	1000.00	1000.00
1000 Shares (N.I.)	1000.00	1000.00
1000 Shares (S.I.)	1000.00	1000.00
1000 Shares (W.I.)	1000.00	1000.00
1000 Shares (E.I.)	1000.00	1000.00

## FT-ACTUARIES INDICES

Index	Value
1000 Shares	1000.00
1000 Shares (N.I.)	1000.00
1000 Shares (S.I.)	1000.00
1000 Shares (W.I.)	1000.00
1000 Shares (E.I.)	1000.00
1000 Shares (N.I.)	1000.00
1000 Shares (S.I.)	1000.00
1000 Shares (W.I.)	1000.00
1000 Shares (E.I.)	1000.00

## INSURANCE, PROPERTY, BONDS

<b>Abney Life Assurance Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>The City of Westminster Assurance Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Hamlyn Life Assurance Limited</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Lloyds Life Assurance Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Prop. Equity &amp; Life Ass. Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Scot. Widows' Fund &amp; Life Ass. Co.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p
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## OFFSHORE AND OVERSEAS FUNDS

<b>Alfco Fund Management Co. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Carroll's (Guernsey) Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Hamlyn (Guernsey) Limited</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Kleinwort Benson Limited</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Old Court Commodity Fd. Mgrs. Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p	<b>Target Trust Mgrs. (Cayman) Ltd.</b> 100 Broad St. London E.C.2 Capital: £100,000,000 Assets: £100,000,000 Net Assets: £100,000,000 Units: 100,000,000 Price: 100p
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# FINANCIAL TIMES

Monday June 28 1976

**BRC**  
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## US may ask summit to drop tariffs

BY JUREK MARTIN, U.S. EDITOR

THE SEVEN-NATION economic summit opens here later today amid a series of reports of dramatic initiatives in the offing, but with the heavy probability that the most positive achievement will be a simple exchange of views on a wide variety of subjects.

One American report suggests that the U.S. will propose that the major industrialised nations commit themselves to the goal of dismantling all tariff barriers on trade between them. Work on such a project, it is suggested, would begin about the current round of GATT talks in Geneva, which is completed next year.

It is not thought likely that President Ford, who convened this meeting, will raise it in the talks with the other heads of state, but it may be raised formally in discussions round the swimming pools and golf courses of the Dorado Beach resort, 27 miles from San Juan.

It is also possible that some form of financial "safety net" for Italy will be raised, though sources here stress that, in the absence of a new Italian government, a concrete guarantee is unlikely to emerge. Several countries, most notably West Germany, are believed to have reservations about such an assistance programme.

Although it was intended that the summit would concentrate on economic matters, there is some talk that the British and Americans may wish to discuss affairs in southern Africa in the wake of last week's talks in Germany between Dr. Kissinger, the U.S. Secretary of State, and Mr. Vorster, the South African Premier. Both sides may wish to sound the other five nations on

the possibility of absorbing white Rhodesians, should this be needed.

The British delegation is also expected to present once again its case that the prognosis for the recovery of the British economy is better than it was, a matter of some controversy at last week's OECD meeting in Paris.

More generally, Mr. Callaghan and Mr. Healey will probably argue that the course of moderate sustained recovery that the Western nations are embarked on may be insufficient to resolve by 1980 the underlying unemployment problems affecting most of the industrialised world. The American view, of course, is that inflation remains much the most potent threat to economic prosperity, but the British appear determined to make their point again.

### U.S. concern

There is some concern that the U.S. economic recovery is losing its headway. Mr. Alan Greenspan, chairman of Mr. Ford's Council of Economic Advisers, appeared to suggest that real American GNP growth in the second quarter might drop below 5 per cent, compared with 5.7 per cent in the first.

He stuck to his prediction that for the year as a whole real growth would be "close to 7 per cent," and was at pains to stress the fickleness of official figures.

The conference itself will not follow the lines of its predecessor seven months ago at Rome, however. There are only three relatively short formal sessions, with a final communiqué due to be issued to-morrow afternoon.

Though each country has nominally been given a subject heading for presentation, they are expected in practice to fit this into the overall framework of debate.

Thus to-day's session, on development of the world economy, will be launched by Mr. Ford's remarks on the international economic outlook. President Giscard d'Estaing will speak on financial and monetary affairs, and Mr. Callaghan is due to speak on East-West relations.

To-morrow's discussion is due to concentrate on the Third World, with the assumption that the heads of delegations will try to iron out the differences of opinion which, in part, marked the recent UNCTAD meeting in Nairobi. Chancellor Schmidt of West Germany is due to speak on the developing countries, and Mr. Takao Miki of Japan has been allocated trade.

Mr. Pierre Trudeau, the Canadian Prime Minister, has been given the energy brief. His arrival has been delayed by his preoccupation with the Canadian airline pilots' strike and is not due until this afternoon. Sig. Aldo Moro of Italy is down to speak on international institutions, but there seems some doubt here that this subject will actually be reached.

It is clear that politics will loom large in the talks. It is generally assumed that Mr. Ford's political needs dictated, in part, the calling of this meeting. His own frame of mind will not have been improved by the news of the election in Montana, Mexico and Idaho yesterday, where Governor Reagan, who was in the Republican

## British Gas bid to sell more to industry

BY RAY DAFTER

BRITISH GAS has started to market large quantities of gas to industrial and commercial customers for the first time in three years.

Several deals are currently being negotiated with the proviso that the customers will not require the new supplies before spring 1978. By then gas from the Anglo-Norwegian Frigg field should have been on stream for several months. At present the corporation is fully committed with its supplies of Southern North Sea gas.

The 545m terminal which will handle Frigg gas is being developed at St. Fergus, Aberdeenshire, by Total, one of the partners in exploiting the field. The first phase of the terminal should be in operation by the end of this year.

The neighbouring British Gas terminal, which is costing £36m, should also be ready to receive gas from the Frigg field by the end of the year. This terminal will process, meter, and control the flow rates of Frigg gas before it is passed into the national network. Plans are in hand to extend the terminal to handle supplies of gas from Shell/Eso's Brent field.

Eventually, St. Fergus will become one of the largest gas reception areas in Europe. The combined British Gas/Total site covers 500 acres.

Both the Frigg field and Brent (which should be yielding as much as 1979/80) will produce more than half the daily volume of gas currently supplied by British

Gas. The output should build up to 3bn cubic feet a day, equal to about 30m tons of coal a day.

Mr. Ron Probert, British Gas director of marketing, said that at least half of the new supplies of gas would be sold to domestic and commercial customers. In line with the Board's policy of directing as much gas as possible to the premium fuel market, it was anticipated that British gas would have between 50 and 55 per cent of the domestic heating market by the early 1980s, as against 35 to 40 per cent at present.

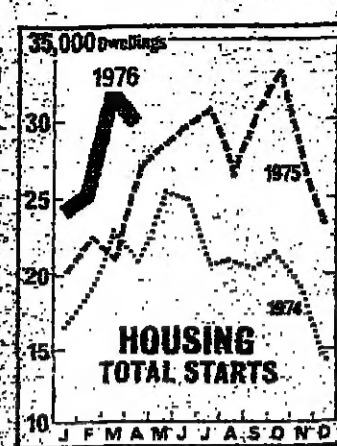
Emphasising the role of gas as a premium fuel Mr. Probert said that less than 4 per cent of the corporation's supplies was used to fire power stations. This amount was needed for strategic reasons, dual-fuel power stations provided British Gas with the opportunity of switching supplies at times of peak demand or in emergencies.

Consequently the corporation is negotiating with the North of Scotland Hydro Board for the supply of some Frigg gas as an alternative fuel to the 1,320-megawatt oil-fired power station which is being built at Boddam, Peterhead. The station is only a few miles from St. Fergus.

Shell is also negotiating an option to burn ethane, butane and ethane from the Brent field. It needs such an option as a safety valve, should an emergency or market forces affect the supply of these fuels to the chemical industry.

## Second half surge at Norcros

The Norcros share price has been noticeably weak relative to the market since early March but there is nothing limp about the 1975-76 profits performance. Pre-tax, the group is £2.2m ahead at £12.1m, with the second half producing growth of close on a third. Exports have helped keep the U.K. moving forwards despite volume declines of up to a tenth, while the overseas operations have powered along, thanks to currency gains of maybe 50-60% and a very useful performance from Nigeria. Norcros is now much more hopeful about U.K. demand so earnings should stay ahead in 1976-77. And the group balance-sheet is looking healthy for some time.



Capital spending is going to top last year's £3.4m, and Norcros has to repay debts of £4.7m by March. But depreciation and retentions totalled around £6m, last year and the year-end balance sheet contains £2.7m in cash. So net borrowings have now been levered back to a point where they represent perhaps three-fifths of shareholders' funds of £29.1m.

Overseas earnings are still the main driving force behind profits. Together with exports, "foreign" profits are now probably up to a third of the pre-tax total in contrast to a sales ratio of not quite a fifth. This sort of margin strength is going to be hard to maintain. But Norcros is hopeful, and in the U.K. its printing operations are over the worst, engineering and construction are trading steadily and the Hygena kitchen furniture side is now smartly out of the red. The shares yield 8.3 per cent at 70p, covered three times by earnings an eighth higher (on average capital) at 11p a share.

### William Leech

The offer for sale of householders William Leech is unlikely to excite any stage that might have survived the famine of the past two and a half years. The indicated yield is 12 per cent, and the p/e at 64p offer price is 6.2. For comparison, a proven performer like Barratt Developments is likely to offer a similar yield and a lower p/e for its financial year ending this week, and there are plenty of other householders with much lower ratings.

However, Leech has a number of positive points. By the

standards of its sector, the business is conservatively managed and financed. The figures are not as exceptional as those of many other companies. But it is worth noting the point that the more urgent priorities for many accounts than say, the statements about "prospects" as suggested by "Corporate Report" enough. U.S. used to be forthcoming. Its 1975-76 split retail profits down to multiple shop chains, management stress, and mail order is hard to see how this information could be so good. A share price having a satisfactory performance at two-thirds of its peak.

Reservations for its housing units in the first quarter of this year were 11 per cent, higher, and Leech expects to build 40 per cent more units than it did in 1975-76. The indicated dividend would have been over twice covered by last year's earnings, so there could be room to exploit its freedom from dividend restrictions over the next couple of years.

Finally, thanks to the prospectus there are fewer uncertainties about Leech than there are for many other builders. The likely impact of the Development Land Tax is clearly spelt out, and there is an up-to-date valuation of property and development land—which takes not worth up from 32p to 53p per share. All this ought to be enough to get the issue of the ground.

### UDS

The UDS accounts give depressingly little insight into last year's disappointing profits performance. The impact of the continuing recession in the textile and clothing trade, which has led out of the closure of two out of the group's seven factories as well as heavy price reductions in clear stocks—is not quantified. There is no explanation of the 12.2m swing into the red on the up stock levels.

## Major test for government cash limits system

BY SAMUEL BRITTAN

THE GOVERNMENT'S failure to reach its original inflation control target, together with a major test on the new cash limits system for controlling public expenditure.

When the limits were fixed the expectation was that the rate of inflation would be down to single figures by the end of 1976. Mr. Denis Healey, the Chancellor of the Exchequer, has recently been talking about 12 per cent, by the end of 1976 and 7 per cent, by the end of the following year.

In the White Paper on Cash Limits published in April, the Government said it was open what would happen if the general rate of inflation turned out to be "substantially higher than anticipated. The alternatives would be either to adjust the cash ceilings to take account of the higher-than-expected inflation or to reduce real spending in keeping within the original limits.

The total amounts involved may not be substantial on present indications, and the

important issue may relate to individual items within the overall figure. This is because the programmes coming within cash limit controls have a large pay element—larger than in the economy generally—and the rise in public sector earnings is expected to be roughly in line with what was envisaged when the ceilings were fixed.

Moreover, the import content of these programmes is no more than 10 per cent, compared with 30 per cent for expenditure generally. The greater part of the slippage so far in the official inflation control objectives reflects the unexpectedly rapid depreciation of sterling, and will hence have a smaller relative impact on spending affected by cash limits than on the economy generally.

Some individual programmes have a higher import content—for example, parts of the defence budget, which in total accounts for about a seventh of the spending covered by cash ceilings. The need for tighter control

has also been brought down to the day-to-day level for all civil servants. Informal remarks have been made in Whitehall about the need for departments to economise in their use of paper, both for policy deliberations and for circulars.

Some £23.6bn. of total public spending for 1976-77, estimated at £45.8bn. at 1975 survey prices, is subject to cash limits.

Mr. Patrick Lichfield, managing director of the subsidiary, said yesterday that the company expected to win further similar contracts within the next year. "We are opening up a new and significant export potential for Britain," he added.

The company already operates camps for workers associated with the oil exploration industry in the Orkney, Shetland, the Sudan and Portugal. These

## £54m. Saudi contract for Grand Met

FINANCIAL TIMES REPORTER

A £54m. CONTRACT to supply basic amenities for two construction camps in Saudi Arabia has been awarded by Grand Metropolitan to a subsidiary of Grand Metropolitan.

The contract involves the provision of a wide range of services for the two camps—more than housing 10,000 workers—over the next five years.

Mr. Patrick Lichfield, managing director of the subsidiary, said yesterday that the company expected to win further similar contracts within the next year. "We are opening up a new and significant export potential for Britain," he added.

The company already operates camps for workers associated with the oil exploration industry in the Orkney, Shetland, the Sudan and Portugal. These

however, appear "almost insignificant" when compared with the potential in Saudi Arabia. has been awarded by Grand Metropolitan to a subsidiary of Grand Metropolitan.

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## Leech house building group goes public

BY MICHAEL LAFFERTY

WILLIAM LEECH (builders), the Newcastle house-building concern which is controlled by a charitable trust, is being publicly floated on the stock market today at a price of 64p per share, valuing the whole group at £7.6m.

Leech is only the second company to go public through a new offer for sale in the past 21 years: the other was Wilson Walton Engineering, which last month left over 67 per cent of the issue in the hands of underwriters.

Today's launch is expected to be followed soon by the flotation of Hambro Life Assurance, the private insurance company controlled by Hambro, the bankers, and run by Mr. Mark Weinberg. Another possible launch in the near future is of the family-owned meat group, Thomas Bewick.

New flotations have not been practicable until recently because of the depressed state of the stock market. Even when the market began to improve early in 1975 companies considering going public preferred to wait until the next year's accounts had been completed; latest accounts, for example, to the end of February, 1976.

The William Leech group, controlled by the William Leech Foundation, a charitable trust set up by its president and founder, Mr. William Leech, in 1960, is offering the public 1.7m. 20p shares at 64p each.

### Family interests

Most of the shares are coming from the trust, which holds just under 70 per cent of Leech's capital but is reducing its holding to 4,436,000 shares—37.1 per cent—by the offer for sale.

The remaining shares on offer are being sold by family interests and by a former employee. None of the directors is reducing his holding. The Foundation has eight listed shares, five of which are held by charities: The British and Foreign Bible Society, the Church Missionary Society, the Methodist Missionary Society, the Salvation Army and the Society for Promoting Christian Knowledge.

The other three shares are held by the chairman, managing director and deputy managing director of the group. Men and Matters, Page 12; Prospectus, Pages 31-33.

## Ireland faces prolonged strike

BY GILES MERRITT

IRELAND FACES a prolonged and economically damaging bank strike today following the breakdown of abortive negotiations in Dublin this weekend.

In spite of government appeals to defer the indefinite strike for further talks, the militant Irish Bank Officers' Association, representing the 10,000 employees of the four major banking groups in the Republic, yesterday refused to call off its action.

The decision came shortly after Minister for Labour, Mr. Michael O'Leary's announcement that while the Government would examine "without delay" the new pay deal worked out on Saturday between the association and the banks, there was no prospect of that examination taking place before tomorrow's strike deadline. The four banks in question are the Bank of Ireland, Allied Irish Banks, Ulster

Bank and the Northern Bank. The situation has become complex and there are mounting fears that the strike will harden into the same sort of intransigence that in 1970 resulted in banks remaining shut for six months.

If the Irish Government was to approve the banks' demands, it would prejudice its chances of securing a national pay deal of about 13 per cent for 1976-77 from trade union leaders when they meet next week-end.

To prevent the association and the banks reaching a pay deal more congruent with the proposed national agreement, the Dublin Government has just pushed through emergency legislation freezing the bank officials' award to a national norm. But unionists warn of a national pay deal of about 13 per cent for 1976-77 from trade union leaders when they meet next week-end.

Not only is the Government incapable of assessing the secret bank employees' wage settlement against a norm until then—thus ensuring the bank strike will last at least a week—but the indications are that the national deal will be no more than a pay norm and less than an expected summer of widespread labour disruption as each union seeks to press home wage demands backed by strike threats in a winter of free-for-all bargaining.

The present crisis comes six months after the Government first appeared in the trade unions for a voluntary pay pause during the year. But since then relations between the two sides have become bitter and uncompromising.

So far this year, Ireland's economy has been slow in picking up after the worldwide recession, and industry is now voicing its conviction that Gross National Product growth for 1976 will be about zero rather than the 2 per cent level that Prime Minister's Lord Copestake's Government has been forecasting.

### Weather

U.K. TODAY  
DRY and sunny except for some cloud in N.W. Scotland.  
London, Cent. S. E. and W. England.  
Dry and sunny, wind variable, light, Max 24C (75F).

N.E. and E. England, Anglia  
Dry and sunny, wind variable, mainly N.E., light or moderate, Max 22C (80F). Cooler on coasts.  
Channel Is., S.W. England, S. Wales.

Dry and sunny, wind N.E., light or moderate, Max 20C (68F). Cooler on coasts.  
N. Wales, I. of Man  
Dry and sunny, fine patches of Western coast, wind variable, light, Max 25C (77F). Much cooler in coastal lee.

### BUSINESS CENTRES

City	Temp	Wind	Cloud
London	24	10	10
Aberdeen	21	10	10
Belfast	21	10	10
Birmingham	21	10	10
Bristol	21	10	10
Cardiff	21	10	10
Edinburgh	21	10	10
Glasgow	21	10	10
Leeds	21	10	10
Liverpool	21	10	10
Manchester	21	10	10
Newcastle	21	10	10
Nottingham	21	10	10
Sheffield	21	10	10
Southampton	21	10	10
Stoke-on-Trent	21	10	10
Swansea	21	10	10
Torquay	21	10	10
Wolverhampton	21	10	10

Lakes, Cent. N. and N.E. England  
Dry and sunny, wind variable, light, Max 24C (75F).

Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll, N. Ireland  
Dry, sunny periods, wind S.W., light or moderate, Max 20C (68F).

N.E. and N.W. Scotland, Orkney, Shetland  
Rather cloudy, occasional rain or drizzle, hill top patches Wind S.W., fresh or strong, Max 18C (65F).

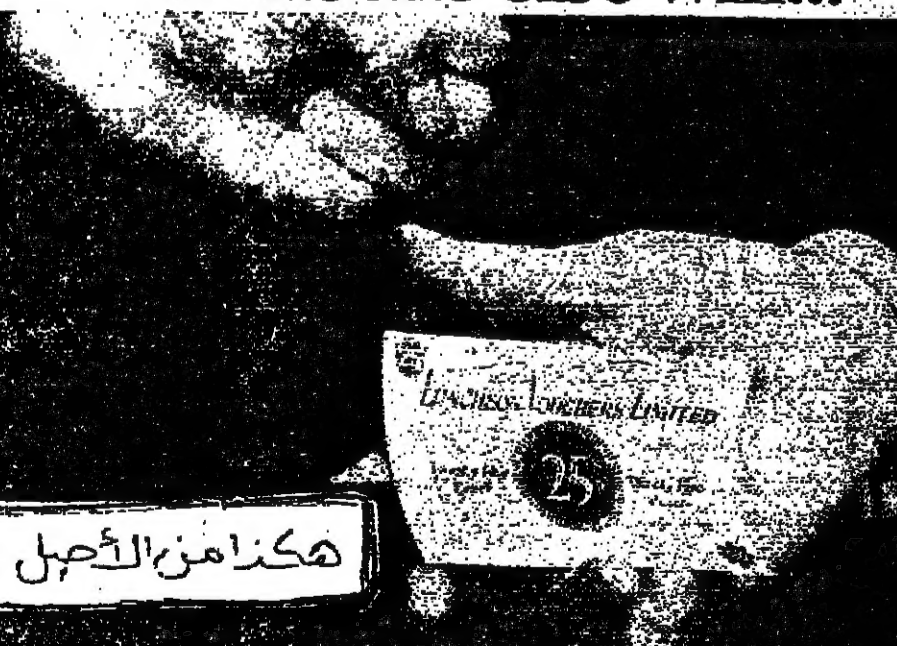
Outlook: Mostly dry and hot with sunny spells but cooler near coasts. Occasional rain in extreme North.

Lightning—London 21.51, Manchester 22.12, Glasgow 22.35, Belfast 22.34.

### HOLIDAY RESORTS

City	Temp	Wind	Cloud
Aberdeen	21	10	10
Belfast	21	10	10
Birmingham	21	10	10
Bristol	21	10	10
Cardiff	21	10	10
Edinburgh	21	10	10
Glasgow	21	10	10
Leeds	21	10	10
Liverpool	21	10	10
Manchester	21	10	10
Newcastle	21	10	10
Nottingham	21	10	10
Sheffield	21	10	10
Southampton	21	10	10
Stoke-on-Trent	21	10	10
Swansea	21	10	10
Torquay	21	10	10
Wolverhampton	21	10	10

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Printed at the "Times" Press, 10, Abchurch Lane, London EC4N 3DF. The "Times" Press, 10, Abchurch Lane, London EC4N 3DF.

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